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MAY 12 2009
TECHNICAL SUPPORT

ORDER GRANTING PETITION FOR ANNEXATION
TO NORTH KOOTENAI WATER DISTRICT

Kootenai County, Idaho

THE FALLS AT HAYDEN LAKE ANNEXATION

THE BOARD OF DIRECTORS (the "Board") OF NORTH KOOTENAI WATER DISTRICT (the "District") makes the following findings relative to a Petition for Annexation presented to the Board:

(1) The District is a validly formed water district under and by virtues of the laws of the State of Idaho.

(2) The owners of certain real property located in Kootenai County, Idaho, generally adjacent to the boundaries of the District, filed a Petition for Annexation with the District which complied with the requirements of Idaho Code §42-3218(a) (a copy of the Petition and attachments thereto are attached hereto as Exhibit "A" as though fully set forth herein).

(3) After a thorough examination and review by the Board and its consultants, it was established that the Petitions were executed by more than 60% of the property owners in the area covered by the annexation. (The area covered by the annexation is set forth in the map attached hereto and incorporated herein by this reference as Exhibit "B".)

(4) The Board set a public hearing on the Petition for Annexation.

(5) The public hearing was set for March 5, 2009, with notice of this hearing ("Notice") given by both publication and mailing. Notice was published in the *Coeur d'Alene Press* on February 19, 2009, and February 26, 2009. (A copy of the Notice and Affidavit of Publication are attached hereto and incorporated herein by this reference as Exhibit "C".) At this public hearing the Board and its consultants were prepared to respond to any questions or issues raised.

(6) The Board has assumed, pursuant to the provisions of Idaho Code Section 42-3218(b) that the failure of any other individuals to show cause in writing as to the annexation of the property described in Exhibit "B", is deemed as their assent.

(7) The Board, after consideration of the records and files herein and the public health and safety of the current and future residents and businesses in the District and the area proposed for annexation, find it in the best interests of the District its residents and those who are in the area to be annexed into the District, to annex the area covered by the Petition.

(8) Subject to the conditions placed on the annexation by the District, the real property described in the map attached hereto as Exhibit "B" and legally described in Exhibit

DANIEL J. ENGLISH 9P I 2210571000
KOOTENAI CO. RECORDER Page 1 of 9
BBB Date 05/08/2009 Time 15:44:54
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RECORDING FEE: 27.00
2210571000 XK

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"D" attached hereto is hereby incorporated into the District as of the date this Order is recorded with the County Recorder.

(9) The Secretary of the District is hereby directed to file this Order in the records of the District and transmit this Order and all the attachments thereto to the appropriate Kootenai County offices for filing pursuant to Idaho Code §42-3218(b).

(10) Petitioner(s) agree to pay for their share of a New Facility Plan or Facility Plan Amendment and Preliminary Engineering Report as required by the Idaho Department of Environmental Quality.

(11) Conditions: This annexation is conditioned upon completion of the following:

That the petitioners property owners will complete and pay for certain improvements to the specifications and requirements of the District (at their sole discretion) in order to provide service to the property included in this annexation.

Should it be later determined that one or more of the above conditions has not been satisfactorily achieved, the Board shall have the right to remove or deannex this property from the boundaries of the District.

The Board deferred decision on the annexation until its next meeting on March 19, 2009, in order to consider the information received.

This Order is adopted by a majority vote of the Board of Directors at a meeting on March 19, 2009.

NORTH KOOTENAI WATER DISTRICT

By: *Shannon Cr*
Chairman, Board of Directors

ATTEST:

4. Bairhurst
Secretary

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EXHIBITS

- A. Petition requesting annexation
- B. Map of the area to be annexed
- C. Notice and Affidavit of Publication of Public Hearing
- D. Legal Description of real property annexed into District

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BEFORE THE BOARD OF DIRECTORS OF THE
NORTH KOOTENAI WATER DISTRICT
KOOTENAI COUNTY, IDAHO

IN THE MATTER OF THE INCLUSION OF CERTAIN REAL PROPERTY IN NORTH KOOTENAI WATER DISTRICT BY PETITION FOR THE INCLUSION OF CERTAIN REAL PROPERTY IN NORTH KOOTENAI WATER DISTRICT

COMES NOW Petitioner, Timber Ridge Investments, LLC and petitions the Board of Directors of North Kootenai Water District ("District") as follows:

I.

Petitioners are the owners of the real property situated within the County of Kootenai, State of Idaho, particularly described in Exhibit "A", attached hereto, and incorporated herein by reference.

II.

Petitioners are desirous that the above-described property be included in, made or part of, and be served with water system improvements in North Kootenai Water District, Kootenai County, Idaho.

III.

Petitioners request that, in accordance with the provisions of Section 42-3218, Idaho Code, notice of the filing of this petition be given and published in the official newspaper of the District in Kootenai County, Idaho, said notice to give all persons interested an opportunity to appear and show cause in writing, if any they have, why this petition should not be granted at the hearing, time and place to be set by this Board; that further, assuming that no valid objections are made to the inclusion of the above-described property within the boundaries of the District, the Board enter its order that the above-described property be included within the boundaries of the District, and that such order be filed with the Clerk of the District Court, Kootenai County, Idaho and also with the State of Idaho Tax Commission.

IV.

That Petitioners are aware that, as a condition of annexation, the District may require that the land described in this petition be subjected to the following requirements:

- 1. The Petitioners shall pay for the actual costs incurred by the District for District administration, engineering, legal, inspection, and preparation of any necessary

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documents that are required by the District for annexation of the property. Such District costs shall include, but are not limited to, preparation of conditions of annexation, any needed water system master planning, design consultations, plan reviews, and final approval of the Petitioner's construction plans and specifications for water facilities.

2. The Petitioner shall be responsible for all water facilities that will be necessary to serve the Petitioner's annexed property. These water facilities will include those required within the annexed property as well as all necessary water facilities needed to extend water service from the District's existing facilities to those proposed to serve the annexed property. The District shall have the right to dictate where and how the Petitioner's water facilities that serve his annexed area may be connected to the District's water facilities. Upon completion of installation and approval by the District of all water facilities the Petitioner shall dedicate such facilities to the District.
3. The District shall not be obligated to serve any property annexed within the District where the District has determined there is not sufficient water system capacity to adequately serve such property. There shall arise no right to service or obligation by the District for service upon annexation and as among other properties annexed to the District, and there shall be no priority for service until each water connection permit has been obtained. If construction is not completed within two (2) years from the date the water connection permit was issued, any priority for service shall become null and void. The District may extend the time for completion upon a request by the property owner and a showing of good cause why such extension should be granted.
4. At the time each water connection permit is issued and prior to connection of the water system to each private facility, a service availability fee of no less than four thousand two hundred Dollars (\$ 4,200) per lot or equivalent dwelling unit shall be paid to repay the District for the cost of developing the District's core water collector lines, and treatment facilities including the debt retirement of such facilities committed to prior to inclusion of the annexed property into the District. Such service availability fees may increase at such time as the District determines such fees are not adequate to reimburse the District for the cost incurred in developing the water system. The service availability fee shall be in addition to actual costs required for connecting to the actual main water line.
5. And such other conditions as the District may prescribe.

WHEREFORE, Petitioners pray that this petition be set for hearing at the earliest practicable time, and that the Board grant the petition including the conditions as set forth in Paragraph IV above.

DATED this 4th day of December, 2008

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Petitioner: Timber Ridge Investments, LLC - Todd Stam (member)

Address: 4547 W Seltice Way, Coeur d'Alene, ID 83814

Petitioner: _____

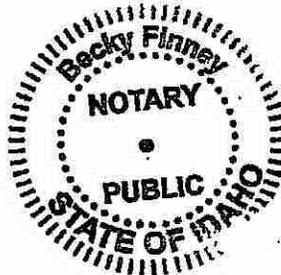
Address: _____

Signed: Todd Stam

STATE OF IDAHO)
County of Kootenai) ss.

On this 4th day of December 2008, before me, a Notary Public in and for the State of Idaho, personally appeared Todd Stam, known to be the person or persons whose names are subscribed to the foregoing instrument, and acknowledged to be that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Becky Finney
Notary Public for Idaho
Print Name: Becky Finney
My commission expires: 09-22-09

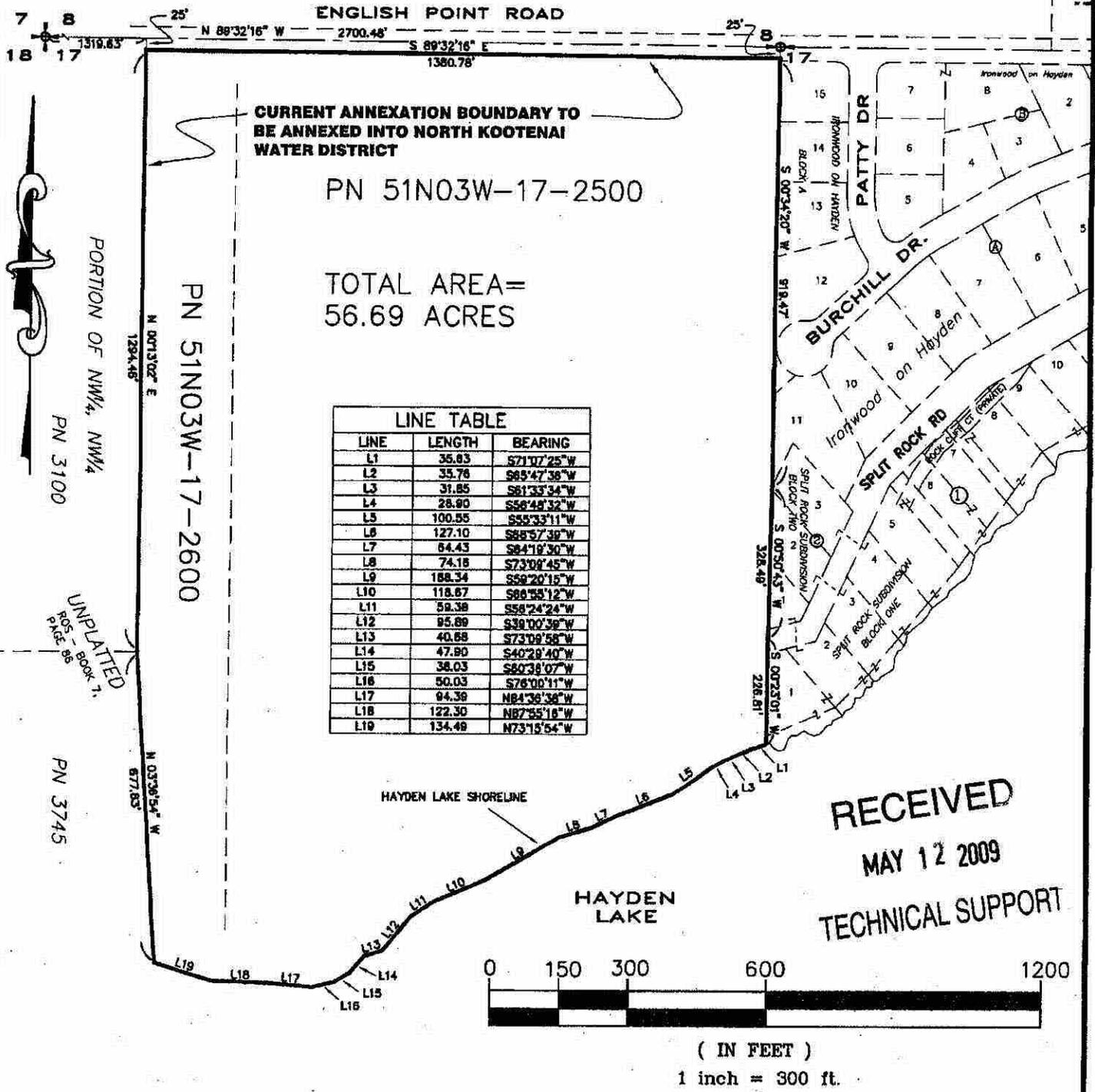
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NORTH KOOTENAI WATER DISTRICT
ANNEXATION BY DISTRICT
COURT ORDER—CASE No. _____

EFFECTIVE DATE: _____

**NORTH KOOTENAI WATER DISTRICT
ANNEXATION EXHIBIT**

**PN 51N03W-17-2600 AND PN 51N03W-17-2500,
IN A PORTION OF GOV'T LOT 3, AND A PORTION OF
THE NW¼ OF SEC. 17, T.51N., R.3W., B.M.,
KOOTENAI COUNTY, IDAHO**



TITLE: PN 51N03W-17-2600 AND PN 51N03W-17-2500,
NORTH KOOTENAI WATER DISTRICT
ANNEXATION EXHIBIT

SCALE: 1"=300' DATE: 3-11-09 FILE: T74-ANX

FRAME & SMETANA, PA
Consulting Engineers
803 North 4th Street, Coeur d'Alene, Idaho, 83814
Ph. (208)864-2121/Fax: 785-5502/ Email: smetana@adelphia.net

ES
SHEET
1 OF 1

AFFIDAVIT OF PUBLICATION

*FILE
FALLS AT HAYDEN LAKE*

STATE OF IDAHO,
County of Kootenai,

} ss.

Kattie Hey

being first duly sworn

upon oath deposes and says:

1. I am now and at all times hereinafter mentioned was a citizen of the United States, resident of the State of Idaho, over the age of twenty-one years and not a party of the above entitled action.

2. I am now and at all times hereinafter mentioned was the printer (principal clerk) of the "Coeur d'Alene Press," a newspaper printed and published daily except Sunday in Coeur d'Alene, Kootenai County, Idaho, and having a general circulation in said county.

3. The

Legal Notice

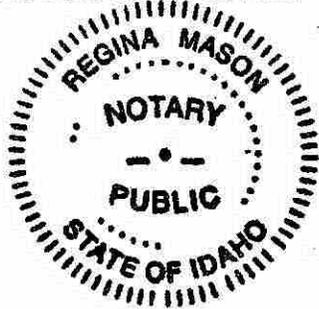
of which the annexed is a printed copy, was published in the regular Thursday issue of said newspaper for 2 consecutive Weeks commencing on the 19 day of February 2009, and ending on the 26 day of February 2009, and such publication was made as often during said period as said Daily newspaper was regularly issued.

4. That said newspaper has been continuously and uninterruptedly published in said Kootenai County, during a period of more than seventy-eight consecutive weeks immediately prior to the first publication of said notice. On this 26 day of February in the year of 2009, before me, a Notary Public, personally appeared Kattie Hey known or identified to me to be the person whose name subscribed to the within instrument, and being by me first duly sworn, declared that the statements therein are true, and acknowledged to me that he executed the same.

Regina Mason

Notary Public for the State of Idaho,
residing at Coeur d'Alene, Idaho.

MY COMMISSION EXPIRES 6/18/09



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NOTICE OF PUBLIC HEARING OF ANNEXATION OF PROPERTY

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NORTH KOOTENAI WATER
DISTRICT
Kootenai County, Idaho

The Falls at Hayden Lake
ANNEXATION

The Board of Directors (the "Board") of the North Kootenai Water District (the "District") will be holding a public hearing on the annexation of property into the District. The public hearing will be held as follows:

Day: Thursday

Date: March 5, 2009

Time: 12:30 p.m.

Location: 1841 W. Hayden Ave.,
Hayden, ID 83835

The annexation hearing is based upon petitions filed Todd Stam, Member, Timber Ridge Investment, LLC, dated December 4, 2008, ("The Falls at Hayden Lake property"). A copy of the Petition and a description of the area covered by the Petition can be obtained from the District by sending a request to:

North Kootenai Water District
P.O. Box 2290
Hayden, ID 83835

All persons interested in appearing at the time and place of the hearing may show cause in writing why the Petition for Annexation should not be granted. The Board shall consider, at the hearing, any objection presented in writing. The failure of any person to show cause in writing shall be deemed as an assent to include their property within the boundaries of the District.

Anyone wishing to provide written comments, who is unable to attend the hearing, may provide them in advance of the hearing by sending them, first class mail, postage pre-paid, to:

North Kootenai Water District
Attn: Secretary
P.O. Box 2290
Hayden, ID 83835

Failure to have your written comments to the Board in advance of the public hearing means they will not be considered by the Board at the public hearing.

DATED this 5th day of February, 2009.

NORTH KOOTENAI WATER
DISTRICT, Kootenai County, Idaho
Legal 5683
February 19, 26, 2009

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NORTH KOOTENAI WATER DISTRICT
ANNEXATION BOUNDARY

A PORTION OF GOVERNMENT LOT 3 AND OF THE NORTHWEST QUARTER ALL IN SECTION 17, TOWNSHIP 51 NORTH, RANGE 4 WEST, B.M., KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 17, CP&F 1208897, RECORDS OF KOOTENAI COUNTY FROM WHICH THE NORTHWEST CORNER OF SAID SECTION 17 BEARS N 89°32'16" W, 2700.48 FEET; THENCE ALONG THE EASTERLY BOUNDARY LINE OF SAID GOVERNMENT LOT 3, S 0°24'15" W, 25.00 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF ENGLISH POINT ROAD AND THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION; THENCE S 00°34'20" W, 919.47 FEET; THENCE S 00°50'43" W, 328.49 FEET; THENCE S 00°23'01" W, 226.81 FEET TO THE SHORE OF HAYDEN LAKE; THENCE LEAVING THE SAID EASTERLY BOUNDARY LINE MEANDERING ALONG THE SAID SHORE OF HAYDEN LAKE THE FOLLOWING COURSES: S 71°07'25" W, 35.63 FEET; THENCE S 65°47'36" W, 35.76 FEET; THENCE S 61°33'34" W, 31.85 FEET; THENCE S 58°48'32" W, 28.90 FEET; THENCE S 55°33'11" W, 100.55 FEET; THENCE S 68°57'39" W, 127.10 FEET; THENCE S 64°19'30" W, 64.43 FEET; THENCE S 73°09'45" W, 74.16 FEET; THENCE S 59°20'15" W, 188.34 FEET; THENCE S 66°55'12" W, 118.67 FEET; THENCE S 56°24'24" W, 59.38 FEET; THENCE S 39°00'39" W, 95.89 FEET; THENCE S 73°09'58" W, 40.68 FEET; THENCE S 40°29'40" W, 47.90 FEET; THENCE S 60°36'07" W, 38.03 FEET; THENCE S 76°00'11" W, 50.03 FEET; THENCE N 84°36'38" W, 94.39 FEET; THENCE N 87°55'16" W, 122.30 FEET; THENCE N 73°15'54" W, 134.49 FEET; THENCE LEAVING THE SAID SHORE OF HAYDEN LAKE, N 03°36'54" W, 677.83 FEET; THENCE N 00°13'02" E, 1294.46 FEET TO THE SAID SOUTHERLY RIGHT-OF-WAY LINE OF ENGLISH POINT ROAD; THENCE ALONG THE SAID SOUTHERLY RIGHT-OF-WAY LINE, S 89°32'16" E, 1380.78 FEET TO THE TRUE POINT OF BEGINNING; CONTAINING APPROXIMATELY 56.69 ACRES, MORE OR LESS.

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