

CITY OF DALTON GARDENS
Kootenai County, Idaho

LOCAL IMPROVEMENT DISTRICT NO. 1

ORDINANCE NO. 232

An Ordinance of the City Council of City of Dalton Gardens, Kootenai County, Idaho authorizing the issuance of a Local Improvement District bond of the City in the aggregate principal amount of \$384,116.40 to provide funds for permanent financing for the costs of carrying out improvements to the sewer service and collection lines and related appurtenances within Local Improvement District No. 1 , fixing the date, form, terms, maturity and covenants of the bond; and accepting the offer of the Banner Bank to purchase said bond.

Approved on November 27, 2012

Prepared by:

K&L GATES LLP
Coeur d'Alene, Idaho and Spokane, Washington

CITY OF DALTON GARDENS
ORDINANCE NO. 232

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* This Table of Contents and the cover page are provided for convenience only and is not a part of this ordinance

ORDINANCE NO. 232

An Ordinance of the City Council of City of Dalton Gardens, Kootenai County, Idaho authorizing the issuance of a Local Improvement District bond of the City in the aggregate principal amount of \$384,116.40 to provide funds for permanent financing for the costs of carrying out improvements to the sewer service and collection lines and related appurtenances within Local Improvement District No. 1 , fixing the date, form, terms, maturity and covenants of the bond; and accepting the offer of the Banner Bank to purchase said bond.

WHEREAS, by Ordinance No. 208, passed by the City Council on September 16, 2010, the City Council of the City of Dalton Gardens, Idaho (the "City") established Local Improvement District No. 1 ("LID No. 1") to provide financing for the cost of the acquisition, construction and installation of sewer service and collection lines and related appurtenances in Dalton Gardens as described in Section 3 of Ordinance No. 208 (the "Project"); and

WHEREAS, the City provided interim financing to LID No. 1 for the cost of the Project through an interfund loan; and

WHEREAS, by Ordinance No. 223, passed by the City Council on October 18, 2012, the assessment roll for LID No. 1 was confirmed in the amount of \$467,960; and

WHEREAS, the time for prepayment of assessments within LID No. 1 has expired and \$87,593.60 has been collected in prepayments, leaving unpaid assessments in the amount of \$380,366.40; and

WHEREAS, the Board deems it to be in the best interest and welfare of the City and its property owners to now issue its Local Improvement District No. 1 Bond, 2012 (hereinafter defined as the "Bond") in the principal amount of \$384,116.40, as authorized by Sections 50-1722-1726, Idaho Code, in order to provide permanent financing for the costs and expenses of the improvements ordered in LID No. 1 and pay costs of issuance of the Bond; and

WHEREAS, Banner Bank of Walla Walla, Washington, (the "Bank") has agreed to purchase the Bond pursuant to its Offer Letter dated October 23, 2012; and

WHEREAS, it is hereby found to be in the best interests of the City that the Bond be sold to the Bank;

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DALTON GARDENS, as follows:

Section 1. Definitions. As used in this ordinance, unless a different meaning clearly appears from the context:

Bank means Banner Bank, Walla Walla, Washington or its successor or assigns as permitted herein.

Bond Fund means the LID No. 1 Bond Fund authorized to be created by Section 5 hereof for the purposes of paying and securing the payment of the Bond.

Bond Register means the books or records maintained by the Bond Registrar containing the name and mailing address of the owner of each Bond or nominee of such owner and the principal amount and number of Bond held by each owner or nominee.

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

Bond means the City of Dalton Gardens Local Improvement District No. 1 Bond, 2012 to be issued in the aggregate principal amount of \$384,116.40 pursuant to this ordinance.

Bond Year means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of the Bond or the date that is five years after the date of issuance of the

Bond, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bond.

City means the City of Dalton Gardens, Kootenai County, Idaho, a municipal corporation duly organized and existing under and by virtue of the Constitution and the laws of the State of Idaho.

Code means the federal Internal Revenue Code of 1986, as the same shall be amended from time to time, and all regulations promulgated or applicable thereunder.

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

Interest Fund means the fund of that name authorized to be created by Section 5 and maintained for the purpose of paying interest on the Bond.

LID No. 1 means Local Improvement District No. 1, created by Ordinance No. 208 of the City passed on September 16, 2010.

LID Assessments mean assessments on real property within the boundaries of LID No. 1, which are pledged to be paid into a Bond Fund, and shall include installments thereof and interest and any penalties thereon, which shall be paid into the Interest Fund.

Private Person shall mean 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 a de minimis fee to cover custodial expenses.

Project means the improvements financed by LID No. 1, as described in Section 3 of Ordinance No. 208 of the City.

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

Reserve Fund mean the reserve fund created in Section 6 of this Ordinance for the purpose of guaranteeing the payment of principal of, redemption price, if any, and interest on the Bond.

Treasurer means the duly appointed Treasurer or Interim Treasurer of the City, or the successor to the duties of these offices.

Section 2. Authorization of Bond. For the purpose of providing funds to provide long term financing for the costs of constructing the Project in LID No. 1, the City shall issue its Bond in the aggregate principal amount of \$384,116.40 (the "Bond"). The proceeds from the sale of the Bond will be used in conjunction with assessment prepayments and other funds of the City as needed to provide permanent financing for the Project.

Section 3. Description of Bond. The Bond shall be designated “City of Dalton Gardens, Kootenai County, Idaho Local Improvement District No. 1 Bond, 2012” shall be dated as of the date of delivery thereof to the Bank, as the initial purchaser, shall be numbered R-1, and shall be fully registered. The Bond shall bear interest at the rate of 3.50% per annum (computed on the basis of a 360-day year for actual number of days elapsed) and interest shall accrue from the date of issuance of the Bond. Principal of and interest on the Bond shall be payable in annual installments in the amount set forth on Exhibit A to the Bond, beginning one (1) year following the date of the Bond and annually thereafter, with the last payment to be made not later than the 15th anniversary of the date of the Bond, as required to pay the remaining principal and interest due.

Payments shall be applied first to interest and then to principal.

Both principal of and interest on the Bond shall be payable in lawful money of the United States of America to the owner or owners thereof at the address appearing on the registration books of the City maintained by the Treasurer. The Bond shall be payable solely from the LID Assessments and funds, if any, in the Guarantee Fund and shall not be a general obligation of the City.

The Bond shall be registered as to both principal and interest as long as any of the installments of the Bond remain unpaid, and the City shall maintain in the office of the City Treasurer books for the registration and transfer of the Bond. No transfer of the Bond so registered shall be valid unless made on said books upon the written request of the registered owner or the owner’s duly authorized agent.

Section 4. Prepayment. The City hereby reserves the right to prepay principal the obligation, in whole or in part, on any payment date with ten days prior written notice to the

Bank. The Bank will charge no fee, penalty or charges on any prepayment amount. A partial prepayment shall not result in a change to the installment payment amount (except for the final payment as necessary) but will result in an adjustment to the principal and interest portions of subsequent payments and earlier retirement of the Bond.

Section 5. Creation of Bond and Interest Funds. The Treasurer is hereby authorized and empowered, and it shall be his/her duty, to receive and collect all assessments levied on property within LID No. 1 ("LID Assessments") to pay the cost of said improvements, the installments thereof, the interest thereon, and the penalties accrued, and to pay and disburse such payment to the person or persons lawfully entitled to receive the same, in accordance with the laws of the State of Idaho and all ordinances and resolutions of City.

There is hereto created, and shall be maintained by the Treasurer, a special fund designated "City of Dalton Gardens Local Improvement District No. 1 Bond Fund" (the "Bond Fund"), or such other designation conforming to generally accepted governmental accounting practices. All moneys constituting payment of principal of said unpaid LID Installments are to be deposited into the Bond Fund, and shall be used and applied for the purpose of paying the principal of the Bond herein authorized and for no other purpose whatsoever. The Bond Fund is hereby pledged as security for such payment of principal of the Bond.

There is hereby created, and shall be maintained by the Treasurer, a special fund designated "City of Dalton Gardens Local Improvement District No. 1 Interest Fund" (the "Interest Fund"), or such other designation conforming to generally accepted governmental accounting practices. All moneys constituting payment of interest on LID Assessments are to be deposited into the Interest Fund, and shall be used and applied for the purpose of paying the

interest on the Bond herein authorized and for no other purpose whatsoever. The Interest Fund is hereby pledged as security for such payment of interest on the Bond.

Moneys in the Bond Fund and the Interest Fund shall be deposited in such bank or banks as are designated as depositories of public moneys of the City under the laws of the State of Idaho, or invested in bonds or warrants of the City. Interest received on such funds so deposited or invested shall be placed to the credit of the Fund from which it is earned.

Section 6. Reserve Fund. There is hereby created, a fund designated the “City of Dalton Gardens Local Improvement Reserve Fund” (the “Reserve Fund”), which shall be maintained by the Treasurer as a special fund separate and apart from any other fund or account of the District. The Reserve Fund is created for the purpose of guaranteeing, to the extent of such fund, the payment of the principal of and interest on the Bond . The City covenants and agrees that it will pay into the Reserve Fund out of the proceeds of the Bond, or other legally available funds, as of the dated date of the Bond, a total amount equal to one year’s payment of principal and interest on the Bond. Whenever there shall be insufficient funds to make any payment of principal of or interest on the Bond as the same become due, payment therefore shall be made by warrant drawn against the Reserve Fund. Upon drawing down the funds in the Reserve Fund, the City shall promptly pay into the Reserve Fund a total amount sufficient to maintain the Reserve Fund balance at an amount equal to one year’s payment of principal and interest on the Bond and shall maintain such a minimum balance in the Reserve Fund for so long as the Bond remains outstanding.

Section 7. Tax Covenants and Special Designation. 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 dates of delivery of the Bond to the Bank, would have caused the Bond to become an “arbitrage bond” within the meaning of such term as used in Section 148 of the Code.

(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 five percent of the Net Proceeds of the Bond are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bond in a Bond Year are (under the terms of this 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 five percent 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 projects 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.

(c) *Designation under Section 265(b).* The City hereby designates the Bond as a “qualified tax-exempt obligations” under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions. The City does not anticipate issuing more than \$10,000,000 in qualified tax-exempt obligations during 2012.

Section 8. General Covenants of the City. The City covenants that during the life of the Bond it will comply with the following:

(a) The City will maintain and provide accounting records and audit reports as described below:

(1) The City shall comply with state budget laws and comply with all generally accepted principals for state and local Banks issued by the Bank Accounting Standards Board in preparing annual budgets, accounts and records;

(2) The City shall prepare annual financial statements for the City and the LID, and submit copies to the Bank as available after the end of each fiscal year for the term of the Bond, or as requested by the Bank; and

(3) The City shall obtain an annual audit report and submit a copy to the Bank as available after the end of each fiscal year for the term of the Bond.

Section 9. Lost, Stolen or Destroyed Bond. In case the Bond is lost, stolen or destroyed, the City may execute and the Bond Registrar may deliver a new Bond of like date, number and tenor to the Bank upon the owner’s paying the expenses and charges of the City in connection therewith and upon his filing with the Bond Registrar evidence satisfactory to said Bond Registrar that such Bond were actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the Bond Registrar with indemnity satisfactory to the Bond Registrar.

Section 10. Transfer. The Bond may be transferred in whole by Bank to another institutional investor, and any such transfer shall be noted on the bond registration books of the City.

Section 11. Form of Bond. The Bond shall be in substantially the following form:

No. R-1

\$384,116.40

UNITED STATES OF AMERICA
STATE OF IDAHO
COUNTY OF KOOTENAI

CITY OF DALTON GARDENS
LOCAL IMPROVEMENT DISTRICT NO. 1

PRINCIPAL AMOUNT: [THREE HUNDRED AND EIGHTY-FOUR THOUSAND ONE HUNDRED AND SIXTEEN AND 40/100 DOLLARS]

INTEREST RATE: 3.50%

MATURITY DATE: December 28, 2028

The City of Dalton Gardens, a municipal corporation duly organized and existing under the laws of the State of Idaho, promises to pay to Banner Bank (the "Registered Owner") but solely from the Bond Fund and the Interest Fund of the City established by Ordinance No. 232 of the City (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall bear interest at the Interest Rate (computed on the basis of a 360-day year for actual number of days elapsed) and interest shall accrue from the date of issuance of this bond. Principal and interest shall be paid in installments as shown on Exhibit A attached to this bond, with final payment of principal and interest nevertheless due on the Maturity Date.

This bond, designated as the "Local Improvement District No. 1 Bond, 2012," is issued by the City in fully registered form to provide permanent financing for the cost of acquiring, constructing and installing certain additions and betterments to the sewer system of the City, and to pay the costs of issuance of this bond, all as set forth in the Bond Ordinance.

Installments of interest or principal of and interest on this bond are payable in lawful money of the United States of America and shall be paid by a check or draft mailed by the City Treasurer (the "Bond Registrar") on each payment date to the Registered Owner at its address appearing on the books or records maintained by the Bond Registrar. The last installment of principal and interest shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the Bond Registrar.

Section 50-1723, Idaho Code, reads as follows:

“LIABILITY OF MUNICIPALITY. The holder of any Bond issued under the authority of this code, shall have no claim therefor against the municipality by which the same is issued, except to the extent of the funds created and received by assessments against the property within any Local Improvement District as herein provided and to the extent of the local improvement guarantee fund which may be established by any such municipality under the provisions of this code, but the municipality shall be held responsible for the lawful levy of all special taxes or assessments herein provided and for the faithful accounting of settlements and payments of the special taxes and assessments levied for the payment of the Bond as herein provided. The owners and holders of such bond shall be entitled to complete enforcement of all assessments made for the payment of such bond. A copy of this section shall be plainly written, printed or engraved on the face of each Bond so issued.”

REFERENCE IS HEREBY MADE TO ADDITIONAL PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, AND SUCH ADDITIONAL PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN THIS SPACE.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Treasurer of the City as the Bond Registrar.

IN WITNESS WHEREOF, the City of Dalton Gardens, Idaho, has caused this bond to be signed on behalf of the City with the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the City Treasurer, with both signatures attested by the manual or facsimile signature of the City Clerk, and has caused the seal of the City to be impressed or imprinted on this bond, as of this ____ day of _____, 2012.

CITY OF DALTON GARDENS, IDAHO

By /s/ manual or facsimile
Mayor

(SEAL)

By /s/ manual or facsimile
City Treasurer

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This is one of the Local Improvement District No. 1 Bond, 2012, of the City of Dalton Gardens, Idaho, as described in the Bond Ordinance.

CITY OF DALTON GARDENS, IDAHO,
TREASURER as Bond Registrar

By _____

* * * * *

Section 12. Execution of Bond. The Bond shall be executed on behalf of the LID by the manual or facsimile signature of the Mayor, countersigned by the manual or facsimile signature of the City Treasurer, and attested by the manual or facsimile signature of the City Clerk, and shall have the seal of the City impressed or imprinted thereon.

Only a Bond that bears a Certificate of Authentication in the form set forth in Section 11, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

In case either of the officers who have executed a Bond cease to be such officer or officers of the City before the Bond so signed has been authenticated or delivered by the Bond Registrar, or issued by the City, that Bond may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. The Bond may also be signed and attested on behalf of the City by such persons as at the actual date of

execution of the Bond are the proper officers of the City although at the original date of the Bond any such person was not such officer of the City.

Section 13. Sale of Bond. The Bond shall be sold to the Bank at a price of par on the terms and conditions set forth herein.

Section 14. Application of Bond Proceeds. The proceeds of the Bond will be used on or within 30 days of the closing and delivery of the Bond to provide permanent financing for the Project and to pay costs of issuing the Bond. Any additional proceeds not required for the foregoing shall be transferred to the Bond Fund for the uses and purposes herein provided.

Section 15. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 16. General Authorization. The Mayor, the Treasurer, City Clerk, and other appropriate officers and agents of the City are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified.

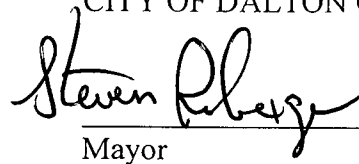
Section 17. Validity of Issuance. The Bond is issued pursuant to the Local Improvement District Act, Idaho Code Sections 50-1702 through 50-1771, inclusive. The foregoing recital is conclusive evidence of the validity of the Bond and the regularity of its issuance.

Section 18. Publication and Right of Appeal. Pursuant to Idaho Code Section 50-1727, this ordinance, or a summary hereof substantially in the form attached hereto as Exhibit "A", and incorporated herein by this reference, shall be published once in the official newspaper of the City. Any contest or proceeding to question the validity or legality of this ordinance, or of any ordinance, resolution, or proceeding heretofore taken with respect to LID No. 1 or of the Bond authorized hereby shall be brought in any court by any person for any cause whatsoever after the expiration of thirty (30) days from the publication of this ordinance, and after such time the validity, legality, and regularity of this ordinance and any ordinance, resolution or proceedings with respect to LID No. 1 or the Bond authorized hereby, shall be conclusively presumed.

Section 19. Effective Date. This ordinance shall become effective from and after its adoption and publication as provided herein.

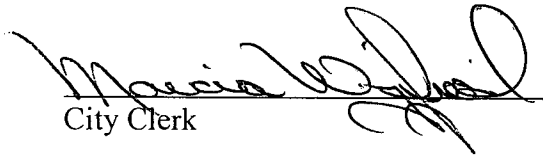
PASSED at a regular meeting of the City Council of the City of Dalton Gardens held on the 27th day of November, 2012 upon which a roll call vote was duly taken and duly enacted.

CITY OF DALTON GARDENS



Mayor

ATTEST:



City Clerk

(S E A L)

I, the undersigned, Clerk of the City of Dalton Gardens, of Kootenai County, Idaho hereby certify that the foregoing Ordinance is a full, true, and correct copy of an Ordinance duly adopted at a regular meeting of the City Council, duly and regularly held at the regular meeting place thereof on November 27, 2012, of which meeting all members of said Council had due notice and at which a majority thereof were present; and that at said meeting said Ordinance was adopted by the following vote:

AYES, and in favor thereof, Councilmembers: 4

NAYS, Councilmembers: 0

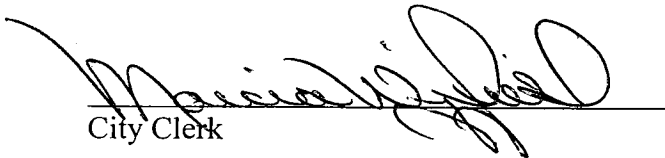
ABSENT, Councilmembers: 1

ABSTAIN, Councilmembers: 0

I further certify that I have carefully compared the same with the original Ordinance on file and of record in my office; that said Ordinance is a full, true, and correct copy of the original Ordinance adopted at said meeting; and that said Ordinance has not been amended, modified, or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the official seal of the City on November 27, 2012.

CITY OF DALTON GARDENS


City Clerk

(SEAL)

EXHIBIT A

CITY OF DALTON GARDENS
Kootenai County, Idaho
LOCAL IMPROVEMENT DISTRICT NO. 1

Summary of Ordinance No. 232, adopted November 27, 2012

An Ordinance of the City Council of City of Dalton Gardens, Kootenai County, Idaho authorizing the issuance of a Local Improvement District bond of the City in the aggregate principal amount of \$384,116.40 to provide funds for permanent financing for the costs of carrying out improvements to the sewer service and collection lines and related appurtenances within Local Improvement District No. 1 , fixing the date, form, terms, maturity and covenants of the bond; and accepting the offer of the Banner Bank to purchase said bond.

- Section 1. Definitions. Defines certain capitalized terms used in the Ordinance
- Section 2. Authorization of Bond. Authorizes the City's "Local Improvement District No. 1 Bond" in the aggregate principal amount of \$384,116.40 (the "Bond") to provide funds to finance the cost of improvements to the water system.
- Section 3. Description of Bond. Describes the Bond and its terms of repayment over a fifteen (15) year period with interest at the rate of 3.50% per annum and provides details regarding payments.
- Section 4. Prepayment. Allows the City to prepay and redeem principal installments of the Bond, under certain terms and conditions.
- Section 5. Creation of Bond and Interest Funds. Provides for the deposit of assessments levied on real property within LID No. 1 into the Bond Fund and Interest Fund to repay principal of and interest on the Bond. Describes the City's Bond Fund and Interest Fund, and provides that the principal of and interest on the Bond shall be payable out of said Funds, which are pledged for security of the Bond.
- Section 6. Reserve Fund. Creates a Reserve Fund for the Bond, funded upon closing of the Bond, for the purpose of providing reserve funds for the payment of Local Improvement District bonds and warrants of the City.
- Section 7. Tax Covenants and Special Designation. Includes covenants to comply with federal tax requirements and contains a special designation under the Code.

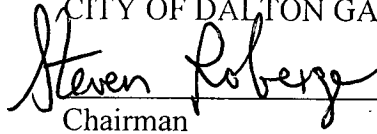
- Section 8. General Covenants of the City. Provides for accounting, records, audit procedures and other covenants of City.
- Section 9. Lost, Stolen or Destroyed Bond. Makes provision in case the Bond is lost, stolen or destroyed.
- Section 10. Transfer. Provides for limitations on and a method of transfer or exchange of the Bond.
- Section 11. Form of Bond. Describes the form of the Bond.
- Section 12. Execution of Bond. Authorizes procedures for execution and authentication of the Bond.
- Section 13. Sale of Bond. Provides that the Bond shall be sold to the Bank.
- Section 14. Application of Bond Proceeds Provides that the Bond proceeds will be used to provide permanent financing for the Project and costs of issuance of the Bond.
- Section 15. Severability. Provides that other covenants and agreements in the Ordinance are not affected if one is made invalid.
- Section 16. General Authorization. Authorizes Chairman and Secretary of the Board to take appropriate steps to carry out the terms and provisions of, and complete the transactions contemplated by this ordinance.
- Section 17. Validity of Insurance Recites that the Bond is issued pursuant to Local Improvement Act, Idaho Code Sections 50-1701 through 50-1771.
- Section 18. Publication and Right of Appeal. Provides for publication of the Ordinance or a summary thereof once in the official newspaper of the City and describes the process of appeal of any provision of the Ordinance or in LID No. 1. Further provides that if no appeal is taken in 30 days from publication of this Summary, that the validity, legality and regularity of any proceedings with respect to LID No. 1 and the Bond are conclusively presumed.
- Section 19. Effective Date. Provides that the Ordinance shall take effect from and after its passage and publication as required by law.

*The full text of Ordinance No. 232 will be mailed without cost to any party requesting it from:


City of Dalton Gardens
6360 N. 4th Street
Dalton Gardens, Idaho 83815

DATED this 27th day of November, 2012.

CITY OF DALTON GARDENS


Chairman

ATTEST

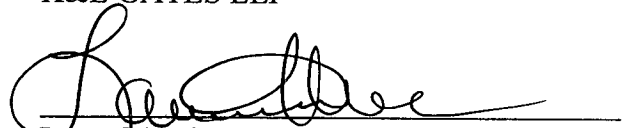

Secretary

CERTIFICATION OF BOND COUNSEL

I, the undersigned Bond Counsel for City of Dalton Gardens, Kootenai County, Idaho, hereby certify that I have read the attached Summary of Ordinance No. 232 of said City and that the same is true and complete and provides adequate notice to the public of the contents of said Ordinance.

Dated this 27th day of November, 2012.

K&L GATES LLP



Laura McAloon

SUMMARY OF
CITY OF DALTON GARDENS, IDAHO
ORDINANCE NO. 231

In accordance with Idaho Code §50-901A, the following is a Summary of Ordinance 231 of the City of Dalton Gardens, Idaho:

1. This is an ordinance of Dalton Gardens, Idaho, a political subdivision of the State of Idaho, which adds Title 6 Chapter 7 of the Dalton Gardens municipal code known as the CONDOMINIUM ORDINANCE OF THE CITY OF DALTON GARDENS and adds definitions, provides for severability and an effective date.


2. The ordinance adds definitions for Condominium and Condominium Plat, and clarifies requirements for Condominiums in the commercial zone.

3. This Ordinance was passed on November 1, 2012.

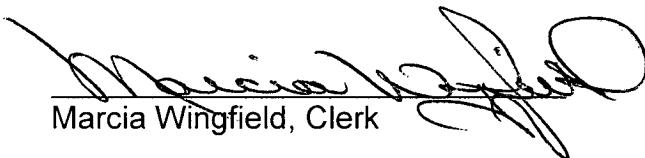
4. The Ordinance takes effect upon publication of this Summary in the Coeur d'Alene Press.

5. The full text of Ordinance 231 is available at the Dalton Gardens City Hall.

DATED this 1st day of November, 2012.


Daniel Franklin, Mayor

ATTEST:


Marcia Wingfield, Clerk

DOLAN & JACOBSEN
ATTORNEYS AT LAW
LIBERTY BUILDING
118 N. 7TH ST. - P.O. BOX 1116
COEUR D'ALENE, IDAHO 83816-1116

November 1, 2012

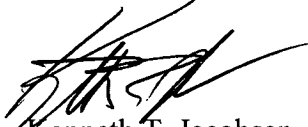
City of Dalton Gardens
Attn: Marcia Wingfield, City Clerk
6360 N.4th Street
Dalton Gardens, ID 83815

RE: Ordinance No. . 231

Dear Marcia:

Pursuant to Idaho Code § 50-901A, this letter is to certify that the summary of Dalton Gardens Ordinance No. 231, adding Title 6, Chapter 7, Condominiums, to the Dalton Gardens Municipal is true and complete and provide adequate notice to the Public of the contents of said Ordinance.

Very truly yours,


Kenneth T. Jacobsen
City Attorney

KTJ/rs