

JAN 22 2021

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

IDWR / NORTH

Notice of Change in Water Right Ownership

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column. If the water right is leased to the Water Supply Bank, check "Yes". If you are not sure if the water right is leased to the Water Supply Bank, see #6 of the instructions.

Water Right/Claim No.	Split?	Leased to Water Supply Bank?	Water Right/Claim No.	Split?	Leased to Water Supply Bank?
96-9579	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐

2. Previous Owner's Name: ARROWHEAD RANCH WATER COMPANY LLC
Name of current water right holder/claimant
3. New Owner(s)/Claimant(s): ARROWHEAD RANCH WATER ASSOCIATION INC
New owner(s) as listed on the conveyance document
- Name connector ☐ and ☐ or ☐ and/or
- PO Box 1276 SANDPOINT ID 83864
Mailing address City State ZIP
- 206 427 1698 fredvincent4@gmail.com
Telephone Email

4. If the water rights and/or adjudication claims were split, how did the division occur?
- ☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
- ☐ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.
5. Date you acquired the water rights and/or claims listed above: 1/13/2021

6. If the water right is leased to the Water Supply Bank changing ownership of a water right will reassign to the new owner any Water Supply Bank leases associated with the water right. Payment of revenue generated from any rental of a leased water right requires a completed IRS Form W-9 for payment to be issued to an owner. A new owner for a water right under lease shall supply a W-9. Water rights with multiple owners must specify a designated lessor, using a completed Lessor Designation form. Beginning in the calendar year following an acknowledged change in water right ownership, compensation for any rental will go to the new owner(s).

7. This form must be signed and submitted with the following REQUIRED items:
- ☒ A copy of the conveyance document - warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
- ☐ Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
- ☐ Filing fee (see instructions for further explanation):
- ☐ \$25 per undivided water right.
 - ☐ \$100 per split water right.
 - ☐ No fee is required for pending adjudication claims.
- ☐ If water right(s) are leased to the Water Supply Bank AND there are multiple owners, a Lessor Designation form is required.
- ☐ If water right(s) are leased to the Water Supply Bank, the individual owner or designated lessor must complete, sign and submit an IRS Form W-9.

8. Signature: [Signature] President 1/19/21
Signature of new owner/claimant Title, if applicable Date

Signature: _____ Title, if applicable _____ Date _____

Received for Date 1-22-21 Receipt # N036672 Amt \$2500
processed by: NS date: 1-28-21

Instrument # 974194
Bonner County, Sandpoint, Idaho
01/13/2021 02:01:57 PM No. of Pages: 2
Recorded for: FEATHERSTON LAW FIRM, CHTD.
Michael W. Rosedale Fee: \$15.00
Ex-Officio Recorder Deputy rflaherty
Index to: WARRANTY DEED

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that Grantor, **Michael D. Bennett, a single man, and Martha J. Bennett, a single woman, who took title as husband and wife,** for value and consideration received, do hereby grant, bargain, sell and convey unto the Grantee, **Arrowhead Ranch Water Association, Inc., an Idaho non-profit corporation,** whose mailing address is P.O. Box 1276, Sandpoint, ID 83864 all of Grantor's right, title, claim, and interest in and to the following described real property, together with any and all after acquired title, situated in the County of Bonner, State of Idaho, to wit:

Lot 3 of ARROWHEAD RANCH, according to the Plat thereof, recorded in Book 4 of Plats at Page 8, records of Bonner County, Idaho.

TOGETHER WITH appurtenances thereon, including, but not limited to the water well, equipment and wellhouse situated thereon.

ALSO TOGETHER WITH any such easements, covenants, conditions, restrictions, and rights-of-way of record.

TOGETHER WITH ALL AND SINGULAR, the tenements, hereditaments and appurtenances hereunto belonging or in anywise appertaining.

And the above-named grantor hereby covenants that the above-described premises are free from all encumbrances, and that Grantor, its heirs, executors and administrators shall warrant and defend the above premises against all lawful claims and demands, except easements and rights of way of record.



Daniel P. Featherston
Brent C. Featherston*
Jeremy P. Featherston
Jeremi L. Ossman**

113 S. Second Ave.
Sandpoint, ID 83864
Phone (208) 263-6866
Fax (208) 263-0400

WARRANTY DEED - 1

*Licensed in Idaho & Washington
**Licensed in Idaho & Michigan

IN WITNESS WHEREOF, I have hereunto set my hands on this 12th day of January 20 21.

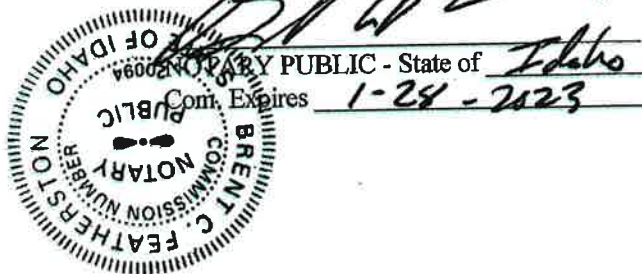
Michael D. Bennett
Michael D. Bennett

Martha J. Bennett
Martha J. Bennett

STATE OF Idaho)
) ss.
County of Bonner)

On this 12th day of January 20 21, before me, the undersigned Notary Public, personally appeared Michael D. Bennett, known to me or proved to me on the basis of satisfactory evidence, to be the persons whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year in this certificate first above written.



STATE OF Idaho)
) ss.
County of Bonner)

On this 12th day of January 20 21, before me, the undersigned Notary Public, personally appeared Martha J. Bennett, known to me or proved to me on the basis of satisfactory evidence, to be the persons whose name is subscribed to the within instrument and acknowledged to me that she executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year in this certificate first above written.



FEATHERSTON LAW FIRM, CHID.
ATTORNEYS AT LAW

Daniel P. Featherston
Brent C. Featherston*
Jeremy P. Featherston
Jeremi L. Ossman**

113 S. Second Ave.
Sandpoint, ID 83864
Phone (208) 263-6866
Fax (208) 263-0400

WARRANTY DEED - 2

*Licensed in Idaho & Washington
**Licensed in Idaho & Michigan

Instrument # 979921
Bonner County, Sandpoint, Idaho
04/02/2021 04:23:14 PM No. of Pages: 1
Recorded for: FEATHERSTON LAW FIRM, CHTD.
Michael W. Rosedale Fee: \$10.00
Ex-Officio Recorder Deputy cbrannon
Index to: WATER RIGHTS

QUITCLAIM & TRANSFER
Water Right License No. 96-9579

KNOW ALL MEN BY THESE PRESENTS, that Grantor, **Arrowhead Ranch Water Company, LLC., an Idaho Limited Liability Company**, for value and consideration received, does hereby QUITCLAIM and transfer unto the Grantees, **Arrowhead Ranch Water Association, Inc., an Idaho Non-Profit Corporation**, whose mailing address is P.O. Box 1276, Sandpoint, Idaho 83864, all of Grantor's right, title, claim, and interest in and to that certain Idaho Department of Water Resources, Water Right License No. 96-9579.

IN WITNESS WHEREOF, I have hereunto set my hands on this 2nd day of April 2021.

**Arrowhead Ranch Water Company, LLC.,
an Idaho Limited Liability Company**

by Michael D. Bennett
Michael D. Bennett
Member

STATE OF IDAHO)
) ss.
County of Bonner)

On this 2nd day of April 2021, before me, the undersigned Notary Public, personally appeared **Michael D. Bennett**, known to me or proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within instrument as Member of **Arrowhead Ranch Water Company, LLC., an Idaho Limited Liability Company** and acknowledged to me that he executed the same on behalf of said entity.

QUITCLAIM DEED



Angela M. Jones
Notary Public - State of Idaho
My Commission expires 3.13.2026

Steading, Natalie

From: Costello, Sean
Sent: Tuesday, May 11, 2021 3:19 PM
To: Steading, Natalie; Hersley, Jean
Cc: Baxter, Garrick
Subject: FW: Water Right No. 96-9579 - Ownership Change

Natalie and Jean – Based on the email thread below, I do not see a legal impediment to the ownership change. This is not a situation where Mike Bennett inadvertently conveyed water rights appurtenant to property sold out of a common development or subdivision. Arrowhead LLC contracted to provide water to neighbors (and Mike Bennett) to provide water from his productive well. He licensed the right in 2018 and it has not being further conveyed or split. So my legal advice stance is the sale to AWRA is legitimate and the ownership records can be updated to reflect the sale.

Let me know if you have further questions or concerns and how you plan to proceed so I can fill them in? They are pushing hard on us as they have an HOA meeting to fill in the members on May 15. Thanks,

Sean

From: fred vincent [mailto:fredvincent4@gmail.com]
Sent: Tuesday, May 11, 2021 3:37 PM
To: Costello, Sean <Sean.Costello@idwr.idaho.gov>
Cc: Mike Bennett <b.plumbing208@gmail.com>; Dennis M. Davis <DMD@witherspoonkelley.com>
Subject: Re: Water Right No. 96-9579 - Ownership Change

Hi Sean

Ok Mike and I discussed the lot ownerships and as I had indicated all the lots that are covered in the water right No. 96-9579 were never owned by Arrowhead Ranch LLC. As I previously indicated, of the 9 homes covered under that water right, there were 2 lots that Mike did own that had water contracts. One was lot 5a and the other was Mike's personal residence which he sold last summer. Let me know what else we need to do or if this is enough to allow the water right transfer to proceed.
Again, appreciate your prompt response.

Regards
Fred

On Tue, May 11, 2021 at 12:07 PM Costello, Sean <Sean.Costello@idwr.idaho.gov> wrote:

Thanks, Fred – And just to clarify. A conveyance would only be an issue if the parcel was owned by the Arrowhead LLC. Now that I understand how the water supply agreements were made, it appears unlikely that would be the case. If Mike has made conveyances in his personal capacity, it should not be an issue with changing the water right ownership.

Sean

From: fred vincent [mailto:fredvincent4@gmail.com]
Sent: Tuesday, May 11, 2021 12:00 PM

To: Costello, Sean <Sean.Costello@idwr.idaho.gov>

Cc: Mike Bennett <b.plumbing208@gmail.com>; Dennis M. Davis <DMD@witherspoonkelley.com>

Subject: Re: Water Right No. 96-9579 - Ownership Change

Hi Sean

Thanks for the prompt response. I will review with Mike, but I know that he sold his residence this past summer which is in the water right. I believe he also owned another lot covered in the water right and sold it sometime ago not sure when, but that house also sold last summer to a new owner. Otherwise, I believe all the other homes covered in the water right were bought independent of Mike and Mike never had ownership in those lots as with mine.

Regards

Fred

On Tue, May 11, 2021 at 10:29 AM Costello, Sean <Sean.Costello@idwr.idaho.gov> wrote:

Fred and Mike – Thank you both for discussing this matter with me over the past couple of weeks. I think we are at the point we can just about wrap this up. Here is the latest:

1. Fred sent me the Quitclaim & Transfer (Instrument # 979921)(attached) that shows conveyance of Water Right No. 96-9579 (the “Right”) from Arrowhead Ranch Water Company, LLC (“Arrowhead LLC”) to Arrowhead Ranch Water Association, Inc. (“ARWA”) this morning during our call. This is what I needed to show the proper conveyance of the Right to ARWA. That takes care of the first issue we’ve been discussing.

2. The second issue, whether portions of the Right had been conveyed to subsequent purchasers of the place(s) of use also seems close to being resolved. After my conversation with Fred this morning, it is my understanding that Mike **did not** develop this subdivision in the traditional sense. Rather, he offered water from his productive well to his neighbors under contract over the years. In other words, this wasn’t a traditional development where Mike developed land he owned and then conveyed parcels with (or without) appurtenant water rights. Instead, Mike never had an underlying interest in the parcels being served by Arrowhead LLC. The places of use have always represented customers, not subsequent purchasers of the real property from a development or subdivision.

Mike and Fred – Is this is an accurate description? Will you please confirm that there has been no other conveyance that may have inadvertently split off a portion of the Right from 2015 to the time of sale to ARWA? Can you provide a brief explanation of how the Right was developed outside of any conveyance of the places of use? For example, Fred stated that he bought his two lots in the subdivision from a previous owner (not Mike) in 2004 and then contracted with Mike for water. If this is the case for all of the places of use, there would never have been a conveyance of the Right. Instead, again, the Right was owned by

Arrowhead LLC, with places of use owned by water users contracting with the LLC for supply. A water right's place of use may be on land not owned by the right holder and if that is the case here, the Right's ownership can now be updated to reflect the sale to ARWA.

Please let us know whether this is an accurate representation and whether there are any recent (2015-to the time of sale to ARWA) conveyances of property that might have inadvertently conveyed a portion of the Right? Thank you,

Sean Costello | Deputy Attorney General

Idaho Department of Water Resources

322 E. Front St., P.O. Box 83720

Boise, Idaho 83720-0098

Direct: (208) 287-4809

sean.costello@idwr.idaho.gov

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BYLAWS
OF
ARROWHEAD RANCH WATER ASSOCIATION,
INC.

CONTENTS

Article 1 FORMATION OF THE CORPORATION.....	1
Section 1.1 Formation.....	1
Section 1.2 Registered Office.....	1
Section 1.3 Principal Office.	1
Section 1.4 Corporate Seal.	1
Section 1.5 Purpose.	1
Article 2 MEMBERSHIP; VOTING RIGHTS	2
Section 2.1 Membership Qualifications and Voting Rights.....	2
Section 2.2 System Expansion/Addition of New Members.	2
Article 3 MEMBERS' MEETINGS	2
Section 3.1 Place of Meetings.	2
Section 3.2 Annual Meetings.	2
Section 3.3 Special Meetings.	3
Section 3.4 Notice of Meetings.	3
Section 3.5 Waiver of Notice.	3
Section 3.6 Quorum.....	3
Section 3.7 Adjournment and Notice of Adjourned Meetings.....	4
Section 3.8 Proxies.....	4
Section 3.9 Voting Rights.	4
Section 3.10 Corporation's Acceptance of Votes.....	5
Section 3.11 List of Members.	6
Section 3.12 Conduct of Meeting.....	6
Section 3.13 Action Without Meeting.....	6
Section 3.14 Nomination of Directors.....	7
Article 4 DIRECTORS	7
Section 4.1 Powers.	7
Section 4.2 Board Number and Qualifications.....	7
Section 4.3 Term.	7
Section 4.4 Resignation.....	8
Section 4.5 Removal by Members; Removal of Appointed Directors.....	8
Section 4.6 Removal by Board.....	8

Section 4.7	Removal Arising Out of Court Action.	8
Section 4.8	Newly Created Directorships and Vacancies.	8
Section 4.9	Meetings.	9
Section 4.10	Quorum and Voting.	9
Section 4.11	Action Without a Meeting.	10
Section 4.12	Conduct of Meetings.	10
Section 4.13	Fees and Compensation.	10
Section 4.14	Standards for Directors.	10
Section 4.15	Powers and Duties of Board.	11
Section 4.16	Committees.	11
Article 5	OFFICERS	11
Section 5.1	Offices Designated.	11
Section 5.2	Tenure and Duties of Officers.	12
Section 5.3	Resignations.	13
Section 5.4	Removal.	13
Section 5.5	Compensation.	13
Section 5.6	Standards of Conduct.	13
Article 6	ASSESSMENTS	14
Section 6.1	Liability for Assessments; Collection.	14
Article 7	INDEMNIFICATION OF DIRECTORS AND OFFICERS	15
Section 7.1	Scope of Indemnification.	15
Section 7.2	Mandatory Indemnification of Directors.	15
Section 7.3	Further Indemnification of Directors.	15
Section 7.4	Advance for Expenses.	16
Section 7.5	Determination of Indemnification.	16
Section 7.6	Indemnification of Officers.	16
Section 7.7	Insurance.	16
Section 7.8	Definitions.	16
Section 7.9	Amendments.	17
Section 7.10	Saving Clause.	17
Article 8	NOTICES	17
Section 8.1	Methods of Notice.	17
Section 8.2	Notice to Corporation.	17
Section 8.3	Effective Date of Notice.	17
Section 8.4	Address Unknown.	18

Section 8.5	Affidavit of Mailing	18
Section 8.6	Failure to Receive Notice.	18
Section 8.7	Exception to Notice Requirement.	19
Article 9	RECORDS AND REPORTS	19
Section 9.1	Corporate Records.....	19
Article 10	RELINQUISHMENT OF MEMBERSHIP	20
Section 10.1	Limited Right to Relinquish Membership.....	20
Article 11	AMENDMENT	20
Section 11.1	Amendment by Board of Directors or Members.....	20
Article 12	GENERAL PROVISIONS.....	21
Section 12.1	Interpretation; Severability.....	21
Section 12.2	Fiscal Year.....	21
Section 12.3	Proof of Membership.	21
Section 12.4	Absentee and Written Ballots.....	21
Section 12.5	Reserves.	21

**BYLAWS
OF
ARROWHEAD RANCH WATER ASSOCIATION, INC.**

THESE BYLAWS of **ARROWHEAD RANCH WATER ASSOCIATION, INC.**, an Idaho nonprofit corporation, were adopted and are effective as of the ____ day of January, 2020.

**Article 1
FORMATION OF THE CORPORATION**

Section 1.1 Formation.

On January 2, 2020, the Corporation was organized as an Idaho nonprofit corporation by executing and delivering the Articles of Incorporation to the Idaho Secretary of State in accordance with and pursuant to the Idaho Nonprofit Corporation Act, Title 30, Chapter 30, Idaho Code, (the "Act").

Section 1.2 Registered Office.

The registered office of the Arrowhead Ranch Water Association, Inc. (the "Corporation" or "Association") required by the Act to be continuously maintained in the state of Idaho may, but need not, be the same as any of its principal places of business in the state of Idaho. The address of the registered office may be established and changed from time to time by the Board of Directors by delivering a statement to the Idaho Secretary of State containing the information required by the Act or by indicating such change in the annual report required by the Act to be filed with the Secretary of State.

Section 1.3 Principal Office.

The Corporation may also have and maintain an office or principal place of business in Idaho, or at such other place as may be fixed by the Board of Directors.

Section 1.4 Corporate Seal.

The Corporation will not have a corporate seal.

Section 1.5 Purpose.

The primary purpose of the Corporation is to acquire ownership of and to operate and maintain a domestic water system presently consisting of a well located upon Lot 3, Arrowhead Ranch, according to the plat thereof recorded in Book 3 of Plats at Page 110, records of Bonner County, Idaho ("Arrowhead Ranch"), together with distribution lines and equipment, all serving the Lots and Parcels of the Corporation's Members.

Article 2 MEMBERSHIP; VOTING RIGHTS

Section 2.1 Membership Qualifications and Voting Rights

Membership in the Corporation shall be limited to the Owners of (i) certain of the lots, (each a "Lot") in the Arrowhead Ranch; and (ii) those additional parcels (each a "Parcel") adjoining or adjacent to the Arrowhead Ranch, in each case as more particularly described in Exhibit A attached hereto and by this reference incorporated herein. Each Lot and each Parcel shall be entitled to but one (1) vote on all matters brought before the Members, notwithstanding that any Lot or Parcel may be owned by multiple persons. No Member shall have any individual interest in the Domestic Water Facility or any other asset of the Association.

Section 2.2 System Expansion/Addition of New Members.

No new parcels of real property shall be served or be entitled to water from the Domestic Water System unless not less than seventy percent (70%) of the total voting power of the Association's Members shall have approved admission to membership of the Owner(s) of such new parcels, as evidenced by vote at a duly called and noticed meeting of Members or by the written consents of such percentage of Members. Notwithstanding the foregoing, no such addition of new members shall result in the lack of a maintainable and continuous flow of not less than five (5) gallons per minute to all Members' respective Lots and Parcels, measured at the point of connection.

Article 3 MEMBERS' MEETINGS

Section 3.1 Place of Meetings.

The Board of Directors may designate any place, either within or without the state of Idaho, as the place of meeting for any annual meeting or for any special meeting of Members called by or at the direction of the Board of Directors. A waiver of notice signed by all Members entitled to vote at a meeting may designate any place, either within or without the State of Idaho, as the place for the holding of such meeting. If no place is designated by the Board of Directors or if a special meeting be called otherwise than by or at the direction of the Board of Directors, the place of meeting shall be the principal office of the Corporation, if any has been established and in the event no principal office has been designated, then at a convenient location within Bonner or Kootenai Counties, Idaho as may be designated by the Board or the President.

Section 3.2 Annual Meetings.

The annual meeting of the Members of the Corporation shall be held once each year in the months of May, June or July, or on such other date and at such time which may from time to time be designated by the Board of Directors, for the purpose of electing directors, adopting an

annual budget and for the transaction of such other business as may properly come before the meeting. The failure to hold an annual meeting at the time stated or otherwise designated as provided herein shall not affect the validity of any corporate action.

Section 3.3 Special Meetings.

Special meetings of the Members of the Corporation may be called at any time, for any purpose or purposes, by a majority of the quorum of the Board of Directors or the President of the Corporation or by the holders of at least twenty five percent (25%) of the votes entitled to be cast on any issue proposed to be considered at the meeting (provided that such holders sign, date and deliver to the Corporation one or more written demands for the meeting describing the purpose(s) for which it is to be held). Special meetings of the Members of the Corporation may not be called by any other person or persons.

Section 3.4 Notice of Meetings.

The Corporation shall notify Members of the date, time and place of each annual and special Members' meeting and, in case of a special meeting, a description of the purpose or purposes for which the meeting is called, no fewer than ten (10) nor more than sixty (60) days before the meeting date. Unless otherwise required by law or the Articles of Incorporation, the Corporation is required to give notice of a meeting only to Members entitled to vote at the meeting. Notice of a special meeting must include a description of the purpose or purposes for which the meeting is called. Only business within the purpose(s) described in the special meeting notice may be conducted at such special meeting. Notice shall be given to each Member at either: (i) the address of their respective Lot or Parcel, (ii) the address supplied by the Member to the Corporation, or, (iii) in the absence of an address described in (i) or (ii), then to an address maintained by the Bonner County Assessor or Treasurer as the mailing address for taxation purposes for such Lot or Parcel.

Section 3.5 Waiver of Notice.

Notice of any meeting of Members may be waived in writing, signed by the person entitled to notice thereof and delivered to the Corporation for inclusion in the corporate minutes or filing with the corporate records, either before or after the date and time stated in the notice. A Member's attendance at a meeting waives objection to lack of notice or defective notice of the meeting unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and further waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice unless the Member objects to considering the matter when it is presented. Any Member so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice hereof had been given.

Section 3.6 Quorum.

Unless the Act or the Articles of Incorporation impose a greater requirement, fifty percent (50%) plus one (1) of the votes, represented in person or by proxy, entitled to be cast on a matter shall constitute a quorum for Members meetings.

Section 3.7 Adjournment and Notice of Adjourned Meetings.

Any meeting of Members at which a quorum is not present may be adjourned to a date not more than thirty (30) days from the time the original meeting was called. Any meeting of Members at which a quorum is present, whether annual or special, may be adjourned from time to time by the vote of a majority of the votes entitled to be cast at the meeting to a date not less than one (1) nor more than thirty (30) days from the time the original meeting was called. If an annual or special Members' meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed, however, notice of the adjourned meeting must be given under this Section to persons who are Members as of the new record date. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting.

Section 3.8 Proxies.

At all meetings of Members, a Member may vote either in person or by proxy. A Member may appoint a proxy to vote or otherwise act for the Member by signing an appointment form or by an electronic transmission, either personally or by the Member's attorney-in-fact. The electronic transmission must contain or be accompanied by information from which one can reasonably verify that the Member, the Member's agent, or the Member's attorney-in-fact authorized the transmission. An appointment of proxy is effective upon receipt, before or at the time of the meeting, by the inspector of election or the officer or agent of the Corporation authorized to tabulate votes. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the appointment form, but in no event shall be valid for more than three (3) years. An appointment of a proxy is revocable in accordance with the provisions of the Act. The death or incapacity of the Member appointing a proxy does not affect the right of the Corporation to accept the proxy's authority unless notice of the death or incapacity is received by the inspector of election or the officer or agent of the Corporation authorized to tabulate votes before the proxy exercises the proxy's authority under the appointment. Subject to the acceptance of votes and to any express limitation on the proxy's authority stated in the appointment form or electronic transmission, the Corporation is entitled to accept the proxy's vote or other action as that of the Member making the appointment. Proxy voting shall not be permitted when Member votes are solicited by written ballot to be cast without a meeting.

Section 3.9 Voting Rights.

Except as otherwise provided by law, only Members whose names appear on the records of the Corporation on the record date, as provided in these Bylaws, shall be entitled to vote on any matter. Each Member is entitled to one (1) vote on each matter put to a vote at a Members' meeting (subject to the limitation that all of the Owner(s) of a Lot or Parcel shall collectively be entitled to no more than one vote for each such Lot or Parcel). If a quorum exists, action on a matter, other than the election of directors, is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or the Act require a greater number of affirmative votes. Directors shall be elected by a plurality of the votes cast

by the Members entitled to vote in the election at a meeting at which a quorum is present. Members shall have no right to cumulate their votes for directors.

Section 3.10 Corporation's Acceptance of Votes.

(1) If the name signed on a vote, consent, waiver, or proxy appointment corresponds to the name of a Member, the Corporation if acting in good faith is entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the Member.

(2) If the name signed on a vote, consent, waiver, or proxy appointment does not correspond to the name of its Member, the Corporation if acting in good faith is nevertheless entitled to accept the vote, consent, waiver, or proxy appointment and give it effect as the act of the Member if:

(a) The Member is an entity and the name signed purports to be that of an officer or agent of the entity;

(b) The name signed purports to be that of an administrator, executor, guardian, or conservator representing the Member and, if the Corporation requests, evidence of fiduciary status acceptable to the Corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;

(c) The name signed purports to be that of a receiver or trustee in bankruptcy of the Member and, if the Corporation requests, evidence of this status acceptable to the Corporation has been presented with respect to the vote, consent, waiver, or proxy appointment;

(d) The name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the Member and, if the Corporation requests, evidence acceptable to the Corporation of the signatory's authority to sign for the Member has been presented with respect to the vote, consent, waiver, or proxy appointment;

(e) Two or more persons are the Member as cotenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all the co-owners.

(3) The Corporation is entitled to reject a vote, consent, waiver, or proxy appointment if the inspector of election or the officer or agent of the Corporation authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on the vote, consent, waiver, or proxy appointment, or about the signatory's authority to sign for the Member.

Section 3.11 List of Members.

After fixing a record date (a fixed date for determining the Members entitled to notice of a Members meeting) for a meeting, the Board shall prepare a list of the names of all its Members who are entitled to notice of such meeting. The list must show the Lot(s) or Parcel(s) owned, each Owner of such Lot or Parcel according to the records of the Corporation. The Members' list will be available for inspection by any Member, beginning two (2) business days after notice of the meeting is given and continuing through the meeting, at the Corporation's principal office or at a place identified in the meeting notice. A Member, a Member's agent, or attorney is entitled upon written demand to inspect and, subject to the requirements of the Act, to copy the list, during regular business hours and at the Member's expense, during the period said list is available for inspection. The Corporation shall make the Members' list available at the meeting; and any Member, Member's agent, or attorney is entitled to inspect the list at any time during the meeting or any adjournment. Refusal or failure to prepare or make available the Members list does not affect the validity of action taken at the meeting.

Section 3.12 Conduct of Meeting.

At every meeting of Members, the Chairman, or, if a Chairman has not been appointed or is absent, the President or, if the President is absent, the most senior executive officer present, or in the absence of any such officer, a chairman of the meeting chosen by a majority in interest of the Members entitled to vote, present in person or by proxy, shall act as chairman. The Secretary shall act as secretary of the meeting. The order of business shall be as follows:

- (i) roll call of Members;
- (ii) proof of notice of meeting or waiver of notice;
- (iii) reading of minutes of preceding meeting;
- (iv) reports of board of officers;
- (v) election of directors, if any, are to be elected;
- (vi) adoption of annual budget and water service rates;
- (vii) unfinished business; and
- (viii) new business.

The meeting shall proceed in accordance with the most recent edition of Roberts Rules of Order reasonably available at the meeting, as determined by the Chairman of the meeting.

Section 3.13 Action Without Meeting.

Action required or permitted by the Act to be taken at a Members' meeting may be taken without a meeting by written ballot, if approved by more than fifty percent (50%) of the

Members entitled to vote on the action. The procedures for voting by written ballot shall comply with the requirements of Section 30-30-508, Idaho Code.

Section 3.14 Nomination of Directors.

At such time as there is a vacancy as to any director, election of Directors shall be as follows: (1) nominations of persons for election to the Board of Directors of the Corporation at the annual meeting of Members may be made at such meeting by or at the direction of the Board of Directors, or by any nominating committee or person appointed by the Board of Directors; (2) election to the Board shall be by secret ballot; (3) at such election, the Members, or their proxies, may cast the total number of votes that corresponds to the number of directors being elected, (without cumulating such votes); and (4) the candidates receiving the highest number of votes shall be deemed elected.

Article 4 DIRECTORS

Section 4.1 Powers.

All corporate powers shall be exercised by or under the authority, and the business and affairs of the Corporation shall be managed by or under the direction, of the Board of Directors, subject to any limitations set forth in the Articles of Incorporation or any agreement authorized under the Act.

Section 4.2 Board Number and Qualifications.

The authorized number of directors of the Corporation may range between three (3) and five (5), and the number of directors may be increased or decreased from time to time by amendment to or in the manner provided by law or in these Bylaws, by the Board of Directors or the Members. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. A director must be a Member but need not be a resident of the state of Idaho. Except for appointed directors, if for any cause the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the Members called for that purpose in the manner provided by law or in these Bylaws.

Section 4.3 Term.

Directors' terms shall be staggered. Directors are elected at each annual meeting of the Members, and shall serve a term of two (2) years. Despite the expiration of the director's term, a Director shall continue to serve until the Director's successor is duly elected and qualifies, or until there is a decrease in the number of directors, or until the Director's earlier death, resignation or removal.

4.3.1 Initial Election. In order to establish staggered terms, the Board elected at the first annual meeting of Members shall consist: (i) in the case of a Board consisting of three (3) Directors, of two (2) Directors each to serve a term of two (2) years and one

(1) Director to serve a term of one (1) year; (ii) in the case of a Board consisting of four (4) Directors, of two (2) Directors each to serve a term of two (2) years and two (2) Directors to each serve a term of one (1) year; (iii) in the case of a Board consisting of five (5) Directors, of three (3) Directors each to serve a term of two (2) years and two (2) Directors each to serve a term of one (1) year.

Section 4.4 Resignation.

A director may resign at any time by delivering written notice to the Board of Directors or the Secretary. A resignation is effective when the notice is delivered unless the notice specifies a later effective date, in which event the resignation shall become effective at such later time. Unless specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective.

Section 4.5 Removal by Members; Removal of Appointed Directors.

The Members may remove one (1) or more directors with or without cause unless the Articles of Incorporation provide that directors may be removed only for cause. A Director may be removed only if the number of votes cast to remove the Director exceeds the number of votes cast not to remove the Director. A Director may be removed by the Members only at a meeting called for the purpose of removing the Director; and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the Director.

Section 4.6 Removal by Board.

The Board shall have the power and authority to remove a director without cause by the vote of two-thirds ($\frac{2}{3}$) of the directors then in office and subject to the provisions of Section 30-30, Part 6, Idaho Code, and declare his or her position vacant if he or she: (i) has been declared of unsound mind by a final court order; (ii) has been convicted of a felony; (iii) fails to attend two consecutive regular meetings of the Board of Directors that have been duly noticed and regularly scheduled; or (iv) becomes more than sixty (60) days delinquent in payment of any Assessment.

Section 4.7 Removal Arising Out of Court Action.

In the event that there is a final judgment or order of any court concluding that a Director has breached his or her duties, the Board shall consult with counsel as to whether or not that court determination requires a declaration of vacancy.

Section 4.8 Newly Created Directorships and Vacancies.

Newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause may be filled by the affirmative vote of a majority of the remaining directors then in office even if they constitute fewer than a quorum of the authorized Board of Directors, or may be filled by the Members. A Director elected to fill a vacancy shall be elected for the unexpired term of the Director's predecessor in office.

Section 4.9 Meetings.

(1) Regular Meetings. The regular meeting of the Board of Directors shall be held no less than annually. Notice of the date, time and place of the meeting of the Board (except emergencies) shall be given to the Members at least four (4) days prior to the meeting. Such notice shall be given by posting at the Corporation's office, if any, by mail or delivery of the notice to the address as provided in Section 3.4, by e-mail (if a Member has consented to delivery of such notice by email), or by newsletter or similar means of communication, as enumerated in Article 8 herein. Any attendance by a Member shall constitute waiver of notice.

(2) Place of Meetings. Regular and special meetings of the Board of Directors, or of any committee designated by the Board, may be held at any place within or without the state of Idaho, as determined by the Board.

(3) Telephone Meetings. Unless the Articles of Incorporation provide otherwise, any Member of the Board of Directors, or of any committee thereof, may participate in a regular or special meeting by, or conduct the meeting through the uses of, any means of conference telephone or similar communications equipment by which all directors participating in the meeting may simultaneously hear each other during the meeting. A director participating in a meeting by such means is deemed to be present in person at such meeting.

(4) Special Meetings. Special meetings of the Board shall be held when called by the president of the Corporation, or by any two (2) directors, after not less than three (3) days prior notice to each director, which notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be posted in the manner prescribed for notice of regular meetings not less than seventy-two (72) hours prior to the scheduled time of the meeting.

(5) Waiver of Notice. A director may waive any notice required by the Act, the Articles of Incorporation or these Bylaws at any time before or after the date and time stated in the notice. Except as otherwise provided, such waiver must be signed by the director and filed with the minutes or corporate records. The attendance of a director at or participation in a meeting shall constitute a waiver of notice of such meeting unless the director, at the beginning of the meeting, or promptly upon the director's arrival, objects to holding the meeting or transacting any business at the meeting and does not thereafter vote for or assent to any action taken at the meeting.

Section 4.10 Quorum and Voting.

(1) Quorum. Unless the Articles of Incorporation or these Bylaws require a greater number or unless otherwise specifically provided by the Act, a quorum of the Board of Directors consists of a majority of the number of Directors comprising the Board as from time to time fixed by resolution of the Members or of the Board.

(2) Majority Vote. If a quorum is present when a vote is taken, the affirmative vote of the majority of the directors present shall be the act of the Board of Directors, unless the Articles of Incorporation or these Bylaws require the vote of a greater number of directors.

Section 4.11 Action Without a Meeting.

Unless otherwise provided by the Articles of Incorporation or these Bylaws, any action required or permitted by the Act to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if the action is taken by all Members of the Board and if each director signs a consent describing the action to be taken and delivers it to the Corporation. Action taken under this Section is the act of the Board of Directors when one or more consents signed by all directors are delivered to the Corporation. The consent may specify the time at which the action taken thereunder is to be effective. A director's consent may be withdrawn by a revocation signed by the director and delivered to the Corporation prior to the delivery to the Corporation of unrevoked written consents signed by all of the directors. A consent signed under this Section has the effect of action taken at a meeting of the Board of Directors and may be described as such in any document.

Section 4.12 Conduct of Meetings.

Regular and special meetings of the Board shall be open to all Members of the Corporation; provided, however that Corporation Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board. The Board may, with the approval of a majority of a quorum of the Members of the Board, adjourn a meeting and reconvene in executive session to discuss and vote upon (i) personnel matters, (ii) litigation in which the Corporation is or may become involved, (iii) the sale or acquisition of real or personal property, and (iv) orders of business of a similar or otherwise sensitive or confidential nature, as determined in the reasonable discretion of a majority of a quorum of the Board of Directors. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 4.13 Fees and Compensation.

No director shall receive any compensation for any service rendered to the Corporation; provided, however, any director may be reimbursed for actual out-of-pocket expenses incurred in the performance of duties. All claims for reimbursement must be accompanied by receipt or invoice, and signed and dated by the director claiming the expense.

Section 4.14 Standards for Directors.

Each Member of the Board of Directors, when discharging the duties of a director, shall act in good faith and in a manner the director reasonably believes to be in the best interests of the Corporation. The Members of the Board of Directors or a committee of the Board, when becoming informed in connection with their decision-making function or devoting attention to their oversight function, shall discharge their duties with the care that a person in a like position would reasonably believe appropriate under similar circumstances. In discharging Board or committee duties, a director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

(a) One (1) or more officers or employees of the Corporation whom the director reasonably believes to be reliable and competent functions performed or the information, opinion, reports, or statements provided;

(b) Legal counsel, public accountants or other persons retained by the Corporation, as to matters involving skills or expertise the director reasonably believes are matters:

(i) Within the particular person's professional or expert competence;
or

(ii) As to which the particular person merits confidence; or

(c) A committee of the Board of which the director is not a Member if the director reasonably believes the committee merits confidence.

Section 4.15 Powers and Duties of Board.

(1) **Powers.** The Board shall have all powers conferred upon the Corporation as set forth herein and in the Article of Incorporation, excepting only those powers expressly reserved to the Members.

(2) **Duties.** It shall be the duty of the Board: (i) to cause to be kept a complete record of all of its acts and doings and to present a statement thereof to the Members at each annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members; (ii) to supervise all officers, agents and employees of the Corporation, and to see that their duties are properly performed; and (iii) to delegate its powers as provided in the Articles of Incorporation and these Bylaws.

Section 4.16 Committees.

Unless the Articles of Incorporation, the Act, or these Bylaws provide otherwise, the Board of Directors may create one or more committees and appoint one or more Members of the Board of Directors to serve on any such committee. Each committee must have two (2) or more Members, each of whom shall serve at the pleasure of the Board of Directors.

Article 5 OFFICERS

Section 5.1 Offices Designated.

The offices of the Corporation may consist of a president, a vice president, a secretary and a treasurer, each of whom shall be designated by the Board of Directors in accordance with these Bylaws. The Board of Directors or the president may appoint such other officers as may be deemed necessary or desirable. With the exception of the secretary and treasurer, as well as additional appointed offices, no officer may simultaneously hold more than one office. The president and vice president shall at all times be Members of the Board.

Section 5.2 **Tenure and Duties of Officers.**

(1) Election of Officers. The election of officers shall take place annually at the meeting of the Board following each annual meeting of the Members.

(2) Term of Office. Each officer shall hold office for one year unless the officer shall sooner resign, or shall be removed, or shall otherwise be or become disqualified to serve. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(3) The President. The president shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. The president shall, when present, preside at all meetings of the Board of Directors and shall see that all orders or resolutions of the Board are carried out. The president may sign all leases, deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed.

(4) The Vice President. In the absence of the president or in the event of the president's removal, resignation, death, or inability or refusal to act, the vice president shall perform the duties of the president and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president, and shall perform other duties as from time to time may be assigned to the vice president by the Board of Directors.

(5) The Treasurer. The treasurer shall: (i) have charge and custody of and be responsible for all funds of the Corporation; (ii) receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies or other depositories; (iii) co-sign all checks and promissory notes of the Corporation; (iv) keep proper books of account; (v) cause an annual operating statement reflecting income and expenditures of the Corporation for its fiscal year to be prepared and shall cause copies of said statement to be distributed to each Member within sixty (60) days after the end of such fiscal year; and (vi) cause an annual budget to be prepared and presented to each Member.

(6) The Secretary. The secretary shall: (i) attend all meetings and keep the minutes of the meetings and other proceedings of the Members and of the Board of Directors in one or more books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iii) be custodian of and responsible for maintenance and authentication of the corporate records as required to be kept pursuant to the Act; (iv) keep a register of the post office address of each Member which shall be furnished to the secretary by such Member; and (v) in general perform all duties commonly incident to the office of secretary and such other duties as from time to time may be assigned to the secretary by the Board of Directors.

Section 5.3 Resignations.

Any officer may resign at any time by delivering written notice to the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date, in which event the resignation shall become effective at such later date. If the Board or appointing officer accepts the future effective date, the Board or the appointing officer may fill the pending vacancy before the effective date if the Board or the appointing officer provides that the successor does not take office until the effective date. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective.

Section 5.4 Removal.

An officer may be removed at any time with or without cause by the Board of Directors, or by any other officer if authorized by these Bylaws or the Board.

Section 5.5 Compensation.

No officer shall receive any compensation for any service rendered to the Corporation; provided, however, any officer may be reimbursed for actual out-of-pocket expenses incurred in the performance of duties. All claims for reimbursement must be accompanied by receipt or invoice, and signed and dated by the officer claiming the expense.

Section 5.6 Standards of Conduct.

(1) An officer when performing in such capacity, shall act:

- (a) In good faith;
- (b) With the care that a person in a like position would reasonably exercise under similar circumstances; and
- (c) In a manner the officer reasonably believes to be in the best interests of the Corporation.

(2) In discharging those duties an officer who does not have knowledge that makes reliance unwarranted, is entitled to rely on:

- (a) The performance of properly delegated responsibilities by one (1) or more employees of the Corporation whom the officer reasonably believes to be reliable and competent in performing the responsibilities delegated; or
- (b) Legal counsel, public accountants, or other persons retained by the Corporation as to matters involving skill or expertise the officer reasonably believes are matters:
 - (i) Within the particular person's professional or expert competence;
 - or

(ii) As to which the particular person merits confidence.

(3) An officer shall not be liable to the Corporation or its Members for any decision to take or not to take action; or any failure to take action, as an officer, if the duties of the office are performed in compliance with this section. Whether an officer who does not comply with this section shall have liability will depend in such instance on applicable law, including those principles of Section 30-30-Part 6, Idaho Code, that have relevance.

Article 6 ASSESSMENTS

Section 6.1 Liability for Assessments; Collection.

Each Member is obliged to pay to the Corporation certain fees and charges for the provision of water, together with Acquisition, Capital Reserve and/or Special Assessments as reasonably necessary to, respectively, (i) service debt incurred by the Corporation in acquiring the Domestic Water System, including Lot 3, Arrowhead Ranch, ("Acquisition Assessments"); (ii) reserve for future capital expenditures, ("Capital Reserve Assessments"); and (iii) pay unbudgeted extraordinary expenses, ("Special Assessments"). Water Service Charges shall include direct and administrative expenses of operating the Domestic Water System and shall be charged and collected as set forth in Exhibit B – Water Service Terms as from time to time the same may be amended pursuant to the provisions of these Bylaws. All of the terms set forth in Exhibit B are hereby incorporated by this reference as part and parcel of this Bylaws, are binding upon the Members and a representative or agent of each Member may be required to execute a Water Services Agreement consistent with Exhibit B as a condition of continued or new water service.

Section 6.1.1 Levy of Acquisition and Capital Reserve Assessments. The Board shall have the authority to levy (i) Acquisition Assessments for so long as necessary to cover the costs of paying any debt incurred by the Corporation in acquiring the Domestic Water System, including (a) any monthly or other periodic loan payments, and (b) establishing and maintaining a reserve fund of up to six (6) months of monthly mortgage payment obligations due pursuant to a loan incurred to finance purchase of the Domestic Water System; and (ii) Capital Reserve Assessments as the Board reasonably determines necessary to cover the future costs of repairing, maintaining and improving the physical components of the Domestic Water Facility. Such Assessments may be made payable on a monthly, quarterly or annual basis as determined by the Board. At least forty-five (45) days prior to the next annual meeting each year, the Board shall prepare and circulate to the Members a proposed budget for the ensuing fiscal, (if adopted) or calendar year. The Members shall approve or amend the budget at the annual meeting of Members.

Section 6.1.2 Special Assessments. The Board shall also have the authority to levy one or more Special Assessments. Special Assessments may be levied only as an extraordinary measure and when a majority of the Board determines that funds not included in the annual budget adopted by the Members will be necessary to defray necessary and unanticipated expenses or other liabilities of the Association prior to the next annual meeting.

Article 7
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 7.1 Scope of Indemnification.

The Corporation may indemnify and advance funds to or for the benefit of the directors and officers of the Corporation to the fullest extent permitted by the Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than the Act permitted the Corporation to provide prior to such amendment). (Idaho Code § 30-30-626).

Section 7.2 Mandatory Indemnification of Directors.

The Corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because the individual was a director of the Corporation against reasonable expenses incurred by the director in connection with the proceeding. (Idaho Code § 30-30-626).

Section 7.3 Further Indemnification of Directors.

(1) Except as otherwise provided in this Section, a Corporation may indemnify an individual, who is a party to a proceeding because the individual is a director, against liability incurred in the proceeding if:

- (a) The director's conduct was in good faith; and
- (b) The director reasonably believed:
 - (i) In case of conduct in the director's official capacity, that the director's conduct was in the best interests of the Corporation; and
 - (ii) In all cases, that the director's conduct was at least not opposed to the best interests of the Corporation; and
 - (iii) In the case of any criminal proceeding, the director had no reasonable cause to believe the conduct was unlawful.

(2) The termination of a proceeding by judgment, order, settlement, or conviction, or upon a plea or *nolo contendere* or its equivalent, is not, of itself, determinative that the director did not meet the relevant standard of conduct described in this Section.

(3) Unless ordered by a court under the Act, the Corporation may not indemnify a director in connection with a proceeding by or in the right of the Corporation, except for reasonable expenses incurred in connection with the proceedings if it is determined that the director has met the relevant standard of conduct under subsection (1) of this Section, or as otherwise prescribed in Section 30-3-88, Idaho Code.

Section 7.4 Advance for Expenses.

(1) The Corporation shall, before final disposition of a proceeding, advance funds to pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding if the director delivers to the Corporation:

(a) A written affirmation of the director's good faith belief that the director has met the relevant standard of conduct described in Section 7.3; and

(b) The director's written undertaking to repay any funds advanced if the director is not entitled to mandatory indemnification, and it is ultimately determined that s/he has not met the relevant standard of conduct described in Section 7.3.

(2) The undertaking required by subsection (1)(b) of this Section must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to the financial ability of the director to make repayment.

Section 7.5 Determination of Indemnification.

(1) The Corporation may not indemnify a director under Section 7.3, unless a determination has been made that indemnification of the director is permissible because the director has met the relevant standard of conduct set forth in Section 7.3.

(2) The determination shall be made in accordance with Section 30-30-626(4), Idaho Code.

Section 7.6 Indemnification of Officers.

The Corporation may indemnify and advance expenses to an officer of the Corporation, who is a party to a proceeding because the individual is an officer of the Corporation, to the same extent as a director.

Section 7.7 Insurance.

The Corporation may purchase and maintain insurance on behalf of an individual who is a director or officer of the Corporation, or who, while a director or officer of the Corporation, serves at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another domestic or foreign Corporation, partnership, joint venture, trust, employee benefit plan, or other entity, against liability asserted against or incurred by the individual in that capacity or arising from the individual's status as a director or officer, whether or not the Corporation would have power to indemnify or advance expenses to the individual against such liability.

Section 7.8 Definitions.

Sections 7.1 through 7.8 of these Bylaws shall be defined in accordance with Section 30-30, Part 6, Idaho Code.

Section 7.9 Amendments.

Any repeal or modification of this Article 7 shall only be prospective and shall not affect the rights under this Article 7 in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any director or officer.

Section 7.10 Saving Clause.

If this Article 7 of these Bylaws or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director and may nevertheless indemnify each officer to the full extent permitted by any applicable portion of this Article 7 that shall not have been invalidated, or by any other applicable law.

**Article 8
NOTICES**

Section 8.1 Methods of Notice.

The following notice requirements shall apply except as specifically otherwise provided in these Bylaws:

(1) Any notice under the Act or these Bylaws must be in writing unless oral notice is reasonable under the circumstances. Notice by electronic transmission is written notice provided such notice is sent to an electronic address or number provided to the Corporation by the Member to whom such notice is required to be sent.

(2) If oral notice is deemed reasonable, it may be communicated in person; by mail or other method of delivery; or by telephone, voice mail or other electronic means. If these forms of personal notice are impracticable, notice may be communicated by newspaper of general circulation in the area where published, or by radio, television or other form of public broadcast communication.

(3) It shall not be necessary that the same method of giving notice be employed in respect of all directors or Members: One permissible method may be employed in respect of any one or more directors or Members; and any other permissible method or methods may be employed in respect of any other or others.

Section 8.2 Notice to Corporation.

Written notice to the Corporation may be addressed to its registered agent at its registered office or to the Corporation or its Secretary at its principal office shown in its most recent annual report filed with the Idaho Secretary of State.

Section 8.3 Effective Date of Notice.

(1) Written notice by the Corporation to its Member is effective:

- (a) Upon deposit in the United States mail, if mailed postpaid and correctly addressed to the Member's address shown in the Corporation's current record of Members or as otherwise determined pursuant to Section 8.4, or
 - (b) When electronically transmitted to the Member in a manner authorized by the Member.
- (2) Except as provided above, written notice, if in a comprehensible form, is effective at the earliest of the following:
- (a) When received;
 - (b) Five (5) days after its deposit in the United States mail, if mailed postage paid and correctly addressed;
 - (c) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.
- (3) Oral notice is effective when communicated if communicated in a comprehensible manner.

Section 8.4 Address Unknown.

If no address of a Member or director be known, notice may be sent to the address maintained by the Bonner County Assessor or Treasurer as the mailing address for taxation purposes for such Member's or director's Lot or Parcel.

Section 8.5 Affidavit of Mailing.

An affidavit of mailing, executed by a duly authorized and competent employee of the Corporation, specifying the name and address or the names and addresses of the Member or Members, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained.

Section 8.6 Failure to Receive Notice.

The period or limitation of time within which any Member may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent to the Member in the manner above provided, shall not be affected or extended in any manner by the failure of such Member or such director to personally receive such notice, provided substantial compliance with the notice requirements contained herein has been accomplished.

Section 8.7 Exception to Notice Requirement.

(1) Whenever notice is required to be given under any provision of this chapter to any Member, such notice shall not be required to be given if notice of two consecutive annual meetings, and all notices of meetings during the period between such two consecutive annual meetings, have been sent to such Member at such Member's address as shown (i) on the records of the Corporation, (ii) on the records of both the Bonner County Assessor and Bonner County Treasurer and in each case have been returned undeliverable.

(2) If any such Member shall deliver to the Corporation a written notice setting forth such Member's then-current address, the requirement that notice be given to such Member shall be reinstated.

Article 9 RECORDS AND REPORTS

Section 9.1 Corporate Records.

(1) The Corporation shall keep as permanent records minutes, of all meetings of its Members and Board of Directors, a record of all actions taken by the Members or Board of Directors without a meeting, and a record of all actions taken by a committee of the Board of Directors in place of the Board of Directors on behalf of the Corporation.

(2) The Corporation shall maintain appropriate accounting records.

(3) The Corporation or its agent shall maintain a record of its Members, in a form that permits preparation of a list of the names and addresses of all Members, in alphabetical order.

(4) The Corporation shall keep a copy of the following records at its principal office:

(a) Its Articles of Incorporation and all amendments to them currently in effect; and

(b) Its Bylaws, any restated Bylaws and all amendments to the same, (including to any Exhibits) currently in effect.

(c) The minutes of all meetings of Members and records of all actions approved by the Members for the past three (3) years;

(d) All written communications to Members generally within the past seven (7) years;

(e) A list of the names and business or home addresses of its current directors and officers; and

(f) Its most recent annual report delivered to the secretary of state.

Article 10
RELINQUISHMENT OF MEMBERSHIP

Section 10.1 Limited Right to Relinquish Membership.

Any Member may elect to renounce membership in the Association and such Member and such Member's successor-in-interest in the Member's Lot or Parcel shall no longer be a Member or entitled to membership, subject to the following:

(1) No individual Owner of a Lot or Parcel may relinquish membership as to a Lot or Parcel without the concurrence of all Members holding a fee title interest in and to that Lot or Parcel;

(2) any Member intending to relinquish membership in the Association shall notify the Corporation in writing of said intent not less than ninety (90) days prior to the effective date of said relinquishment and disconnection from the Domestic Water System;

(3) all work necessary to complete the physical disconnection of a Water Service Connection serving the relinquishing Member's Lot or Parcel shall be undertaken at such Member's cost and in compliance with the notice and other requirements of these Bylaws, (including the Water Service Terms);

(4) no Member's relinquishment of membership shall become effective until such time as (i) the Service Connection to said Member's Lot or Parcel has been physically disconnected from the Water Distribution System; (ii) the Member has paid all outstanding fees, assessments and costs due to the Association; (iii) each individual Member and any and all mortgage interest and other lienholders have executed a suitable instrument in recordable form approved by the Board formally relinquishing such Members', mortgagees' and other lienholders' respective right, title and interest in and to membership in the Association, any entitlement to participate and utilize the Domestic Water Facility and use of the water produced by the Domestic Water System; and (iv) has executed and delivered to the Association such additional documents or instruments reasonably required by the Board to effect and evidence such relinquishment of membership.

Article 11
AMENDMENT

Section 11.1 Amendment by Board of Directors or Members.

(1) The Corporation's Members may amend or repeal these Bylaws only with the vote or written consent of Members entitled to cast at least fifty-one percent (51%) of the voting power of the Corporation. Notwithstanding the aforementioned, the percentage of the voting power of the Corporation or of Members necessary to amend a specific clause of provision in these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

- (2) The Board of Directors may amend or repeal these Bylaws unless:
- (a) The Articles of Incorporation or the Act expressly reserve this power exclusively to the Members in whole or part, or
 - (b) The Members in amending or repealing or adopting a bylaw expressly provide that the Board of Directors may not amend, or repeal, or reinstate that bylaw.

Article 12

GENERAL PROVISIONS

Section 12.1 Interpretation; Severability.

These Bylaws may contain any provision for managing the business and regulating the affairs of the Corporation that is not inconsistent with law, (including the Act) or the Articles of Incorporation. In the event any provision of these Bylaws is inconsistent with law or the Articles of Incorporation, such law or Articles of Incorporation shall govern. If any one or more of the provisions contained in these Bylaws, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

Section 12.2 Fiscal Year.

The fiscal year of the Corporation shall be the same as a calendar year unless a different fiscal year is adopted by the Board of Directors or by the Members at a duly constituted meeting thereof.

Section 12.3 Proof of Membership.

No person shall exercise their rights of Membership in the Corporation until satisfactory proof thereof has been furnished to the Secretary. Such proof may consist of either a copy of a duly executed and acknowledged warranty deed, grant deed or title insurance policy showing said person to be the owner of an interest in a Lot or Parcel entitling the individual to Membership. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

Section 12.4 Absentee and Written Ballots.

The Board may make such provisions as it may consider necessary or desirable for absentee or written ballots.

Section 12.5 Reserves.

Any amounts collected by or paid to the Corporation in excess of operational needs shall be set aside as reserves for future financial needs in the manner as may be set forth in Exhibit B

and shall be deposited into one or more insured interest-bearing accounts. These sums may include amounts collected pursuant to Exhibit B from Owners through purchase escrows representing capital contribution by such Owners to the Corporation.

The foregoing Bylaws of Arrowhead Ranch Water Association, Inc., an Idaho nonprofit Corporation, were adopted by a majority of the Members of the Corporation effective on the 4th day of January, 2020.

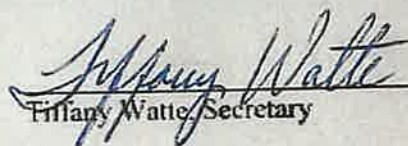

Tiffany Watte, Secretary

EXHIBIT A
LEGAL DESCRIPTION

LOTS:

Lots 2, 4, 5A, 5B, 6, 7, 8, 10 & 11, ARROWHEAD RANCH, according to the plat thereof recorded in Book 4 of Plats at Page 8, records of Bonner County, Idaho;

PARCELS:

MICHAEL BENNETT REVOCABLE TRUST (Bennett Parcel 1)(includes Bennett Parcel 2)
290 Arrowhead Drive
Cocollala, ID 83813

A parcel of land lying in a portion of Section 18, Township 55 North, Range 2 West, Boise Meridian, Bonner County, Idaho, and more particularly described as follows:

Beginning at the Southwest corner of Lot 11 of ARROWHEAD RANCH, recorded as Instrument No. 278034, records of Bonner County, Idaho, a found 5/8" rebar, said point being on the Easterly right of way of Arrowhead Drive;

thence North 20°15'51" West, 35.78 feet along said Easterly right of way and Westerly boundary of said Lot 11 to the point of beginning;

thence continuing on said Easterly right of way and Westerly boundary North 20°15'51" West, 198.82 feet to a found 5/8" rebar;

thence leaving said Easterly right of way and Westerly boundary North 74°47'06" East, 85.75 feet to a corner of said Lot 11, a found 5/8" rebar;

thence South 89°35'40" East, 580.01 feet along the Southerly line of said Lot 11 to a point on the shoreline of Lake Cocolalla, a found 5/8" rebar;

thence South 01°23'25" West 192.97 feet along the shoreline of said Lake Cocolalla;

thence South 87°08'13" West, 544.84 feet;

thence North 71°40'53" West, 48.43 feet to the point of beginning;

Side property lines extend to the ordinary high water line of Lake Cocolalla.

TOGETHER WITH the following described 20 foot wide ingress/egress easement;

Beginning at the Southwest corner of Lot 11 of Arrowhead Ranch, recorded as Instrument No. 278034, records of Bonner County, Idaho, a found 5/8" rebar, said point being on the Easterly right of way of Arrowhead Drive;

thence South 00°30'34" West, 62.67 feet along the East right of way line of Arrowhead Drive and East line of the parking area to the centerline and point of beginning of a 20 foot wide ingress/egress easement;

thence along said centerline (10 feet each side) the following six (6) described courses:

1. South 42°45'13" East, 12.53 feet;
2. North 83°41'43" East, 28.13 feet;
3. North 63°06'44" East, 25.72 feet;
4. North 42°42'08" East, 27.95 feet;
5. North 28°01'20" East, 25.66 feet;
6. North 16°48'31" East, 30.75 feet to a point, said point being the terminus of the above described easement.

TOGETHER WITH the extensions and shortenings of the sidelines so as to terminate said sidelines of the property lines and right of way.

MICHAEL BENNETT REVOCABLE TRUST (Bennett Parcel 2)
290 Arrowhead Drive
Cocollala, ID 83813

[A portion of Bennett Parcel 1. Legal description of Parcel 2 to be inserted.]

NYE
269 Arrowhead Drive
Cocollala, ID 83813

A parcel of land lying in a portion of Section 18, Township 55 North, Range 2 West, Boise Meridian, Bonner County, Idaho, more particularly described as follows:

Beginning at the Southwest corner of Lot 11 of Arrowhead Ranch, recorded as Instrument no. 278034, records of Bonner County, Idaho, a found 5/8" rebar, said point being on the Easterly right of way of Arrowhead Drive and the Point of Beginning; thence South 00°30'34" East, 127.43 feet along the East right of way line of Arrowhead Drive and East line on the

parking area to a found 5/8" rebar, said point being on the North line of Indian Trail, a platted access to Lake Cocolalla;

thence South 89°36'37" East, 544.04 feet along said North line to a point on the platted picnic and beach area; thence along said picnic and beach area the following 2 described courses:

1. North 00°23'26" East, 22.00 feet;

2. South 89°36'37" East, 30.00 feet to a point of the shoreline of Lake Cocolalla;

Thence North 01°23'25" East, 154.94 feet along said shoreline

Thence South 87°08'13" West, 544.04 feet;

Thence North 71°40'53" West, 48.43 feet;

Thence South 20°15'51" East, 35.78 feet to the point of beginning,

Side property lines extend to the ordinary high water line of Lake Cocolalla.

**RICCI,
179 Pinewood
Cocollala, ID 83813**

LOT 7 PINEY WOODS according to the official plat thereof, filed in Book 3 of Plats at Page 110, records of Bonner County, Idaho.

**YANDT
2678 Cocollala Loop
Cocollala, ID 83813**

The South 330 feet of the North 660 feet of that portion of government lot 1 in section 18, township 55 north, range 2 West, Boise meridian, Bonner county, Idaho, lying West of the present existing county road.

EXHIBIT B

WATER SERVICE TERMS

These Terms of Water Service shall apply to each Member and to each Member's Lot or Parcel, provided that as to Lots or Parcels to which water service has as of the adoption of these Bylaws been connected, the provisions below relative to initial connection, including inspection, engineering plans, payment of connection costs.

1. DEFINITIONS

ASSOCIATION. "Association" shall mean the Arrowhead Ranch Water Association, Inc., an Idaho non-profit corporation.

MEMBER. "Member" shall have the meaning described in the Articles of Incorporation and Bylaws of the Association and shall be limited to the Owners of the real property served by the Association.

MAINLINE or MAINS. "Mainline" or "Mains" is defined as that portion of the Domestic Water Facility that serves to supply water to each respective Member's water Service Connection.

LATERALS. "Lateral" or "Laterals" are defined as the waterline(s) to be owned by and maintained at the cost of Member and situated within the boundaries of Member's real property.

SERVICE CONNECTION. A "Service Connection" is the union by junction of Member's Lateral with Association's Mainline. Control of the Service Connection shall be exclusively with the Association.

DOMESTIC WATER FACILITY. Domestic water facility shall be defined as the well currently located on Lot 3, Arrowhead Ranch Subdivision, together with all Mainlines and Laterals, any collection, pumping and treatment (including point-of-use treatment), storage, and other distribution system equipment.

- 2. GRANT OF CONNECTION RIGHTS.** Each Member of the Association has the right, subject to the Bylaw and these Water Service Terms to connect to Association's mainline, which is or shall be located on or near the Member's real property.
- 3. COMPLIANCE WITH SPECIFICATIONS.** Member shall be responsible for construction of the connection into Association's mainline in accordance with Association's specifications, and Member agrees to have the connection inspected by Association's representative prior to back-filling the trench. In conjunction with construction of the connection, Association, at Member's cost, shall install a water meter at the point of connection or at such other location as the Association may determine.

4. **WORK TO BE PERFORMED.** Member will, at Member's expense, provide and assign to Association the necessary engineering, preparation of plats and specifications for the construction of a potable water line of adequate size to connect to Association's mainline. Said plans, engineering and specifications are subject to approval of Association and its engineers and other professional contractors. Member shall be responsible for installing any necessary pressure tank and booster pump to establish adequate pressure at the point of use, together with any point-of-use treatment equipment as may be required by the Idaho Department of Environmental Quality (DEQ). Said potable water lines will be constructed in accordance with the standards of, and subject to, receipt of a permit from the DEQ, the Panhandle Health District or any other agency with jurisdiction and any applicable permits shall be the responsibility of Member.
5. **COST OF CONNECTION.** The cost to Member of any new connection to the Domestic Water Facility shall be a sum determined by the Association to defray the actual cost of connection, including construction, engineering, legal and other professional fees. All costs related to connection, including installation of a meter, shall be paid by the Member. The Association may require a deposit toward such Association cost, to be paid to the Association prior to commencement of construction of a Lateral or connection to the Mainline.
6. **MALFUNCTION.** Association, or the assigns of Association, shall retain ownership of and be responsible for maintenance of said Domestic Water Facility, but no liability shall attach to Association, or the assigns of Association, as a result of any malfunction of said system, unless a malfunction is proximately caused by Association's willful neglect or gross negligence.
7. **ASSOCIATION'S DUTIES AND RESPONSIBILITIES.** The Association shall operate the system in accordance with regulations of the DEQ and other governmental agency(ies) with jurisdiction. The Association agrees to maintain its water system at all times in good order and repair so that satisfactory water services be provided to Member's property.
8. **RATES.** The Association reserves and has the right to establish and collect as a monthly or other periodic charge or charges for water service provided to its Members, and in addition to any Acquisition or Capital Reserve Assessments, the following:

8.1 **Water Service Charges.** Current rates for water service are as follows:

Monthly Base Rate. There shall be a minimum monthly base rate of \$_____ for use of from 0 to 16,000 gallons during each monthly billing period. In addition to the Monthly Base Rate, additional charges shall be assessed for monthly use of water as follows:

From 16,000 to 20,000 gallons	\$1.00 per 1,000 gallons
From 20,000 to 25,000 gallons	\$2.00 per 1,000 gallons
From 25,000 to 30,000 gallons	\$3.00 per 1,000 gallons
30,000 or more gallons	\$5.00 per 1,000 gallons

Payments must be received within 30 days of billing. If payment is not received within 30 days, the account will be considered past due. All past due accounts will incur a **\$15.00 late fee**.

The initial rates shall be adjusted annually on the first day of January, commencing January 1, 2021, to reflect annual percentage changes in the Consumer Price Index for All Urban Consumers; U.S. city average, All Items (1967=100) compiled by the Bureau of Labor Statistics, U.S. Department of Labor.

The Association may require a security deposit as a condition of initial or continued water service.

9. **MAINTENANCE RESPONSIBILITY.** The Association shall have maintenance and repair responsibility of Association's Mainlines and (subject to Section 9, below) Service Connections as it deems reasonable. Any and all maintenance and repair of any kind whatsoever on Member's Laterals, tanks, pumps, point-of-use treatment equipment or electrical components shall be the responsibility of the Member and Member shall timely complete any repairs necessary to the proper functioning of such components.

10. **ASSOCIATION'S RIGHT TO MAINTAIN AND REPAIR.** Association reserves the right and Member expressly consents to Association's right to maintain and repair Member's Service Connection as Association deems reasonably necessary. The cost of repairs to Member's Service Connection deemed necessary by Association as a result of Member's willful neglect or gross negligence shall be the responsibility of the Member.

10.1 Each Member shall also execute and deliver to the Association an Access and Maintenance Agreement For Point-of-Use Water Treatment Units, substantially in the form attached as Addendum 1.

11. **WATER USE.** Member's use of water delivered through the Domestic Water System shall be limited to domestic use for one (1) single-family residence, together with irrigation of landscaping on Member's Lot or Parcel not greater than one-half (1/2) acre.

12. **RIGHTS OF WAY.** Member expressly grants, sells, and conveys unto Association a right of way for installation, maintenance and repair of the distribution system of Association.

13. **LIEN.** Notwithstanding the ability of Association to terminate services in accordance with Section 18 herein, Member grants unto the Association the right, and Association may without waiving any other remedy available herein, to impose and record an express lien on the real property of Member for Member's failure to pay in a timely manner any and all charges, fees, assessments, costs or expenses of Association which are the responsibility of such Member. Member shall not be relieved of Member's obligations under these Water Service Terms by non-use of the Domestic Water Facility or abandonment of Member's Lot or Parcel. All such charges shall also be the personal obligation of the Member incurring the same and may be collected by any lawful means.

14. **NOTICE OF WATER SYSTEM.** The Association or Association's predecessor-in-interest has executed an instrument, which is recorded on Bonner County, Idaho, State of Idaho,

which states that the well on Lot 3 of Arrowhead Ranch subdivision is subject to water system service agreements with owners or other real property.

15. **FORCE MAJEURE/LIMITATION OF LIABILITY.** Association shall not be liable to Member for any delay, failure in performance, or interruption of service resulting directly or indirectly from (i) acts of God, civil or military authority, (including tariff and regulatory constraints), civil disturbance, war or terrorism, (ii) accidents, strikes, fires or other catastrophes, (iii) shortage of parts, materials, labor, software or computer hardware, (iv) disruption of power, or (v) other forces beyond its reasonable control. In no event shall the association or its representatives be liable for consequential, indirect, incidental, special, exemplary, punitive, or enhanced damages, arising out of or relating to any breach of this agreement, regardless of (a) whether such damages were foreseeable, (b) whether or not it was advised of the possibility of such damages and (c) the legal or equitable theory (contract, tort (including negligence), or otherwise) upon which the claim is based, and notwithstanding the failure of any agreed or other remedy of its essential purpose.
16. **QUALIFICATION OF REPAIRMEN.** Member agrees s/he will not hire or permit anyone other than a licensed plumber or accredited representative of Association to perform repair services on Member's Lateral and other water system components.
17. **TERMINATION OF SERVICE.** In the event (i) the water service fees or other charges payable to Association fall in arrears for ninety (90) days, or more, or (ii) the Member has failed after not less than thirty (30) day's written notice of a material breach of these Terms, setting forth the nature of said breach ("Notice of Default"), to cure such breach, or, in the event such breach is not reasonably susceptible of cure within such period, Member has in good faith commenced action necessary to cure such breach, which in any event shall be cured not later than ninety (90) days from the date of the Notice of Default, the Association has the right to disconnect the Member's water service and to declare Member's membership in the Association terminated by giving written notice to the Member as provided in Article 8 of the Bylaws of the Association. In the event of a termination of Member's membership, the Association shall be entitled to payment of all fees, assessments and costs due to and incurred by Association pursuant hereto, including any and all fees due for unpaid water service and assessments levied but unpaid. The Association shall be entitled to deduct and apply to such sums any moneys held Association as a security deposit or otherwise.
18. **ATTORNEYS FEES.** In the event court action is required to enforce the terms of this agreement, the prevailing party shall be entitled to an award of his/her reasonable attorneys fees, in addition to other customary costs of suit.
19. **TIME OF THE ESSENCE.** Time is of the essence in this agreement. Association's failure to enforce any of the provisions herein shall not constitute a waiver of that condition.
20. **AFFIDAVIT.** Association reserves the right to execute an affidavit to be recorded in Bonner County, State of Idaho, evidencing the existence of this agreement and notifying any potential buyer, lessee, mortgagee, or other person interested in purchasing and acquiring an interest in and to Member's real property described herein of this existence of these Water Service Terms and advising the same to contact the Association for information regarding to

any unpaid charges or maintenance due on Member's Lot or Parcel pursuant to these Water Service Terms.

21. **DISCLAIMER.** Member acknowledges and agrees that the Domestic Water System has been determined to have present levels of uranium which exceed the drinking water standards promulgated by the United States Environmental Protection Agency and/or the Idaho Department of Environmental Quality (DEQ). Member further acknowledges, understands and agrees that the maintenance of a point-of-use water treatment system approved by the DEQ is a condition precedent to Members continued right to membership in the Association.

**ADDENDUM 1
(TO EXHIBIT B TO BYLAWS)**

**ACCESS AND MAINTENANCE AGREEMENT FOR POINT-OF-USE-WATER
TREATMENT UNITS**

ARROWHEAD RANCH WATER ASSOCIATION, INC
PUBLIC WATER SYSTEM # _____

The Arrowhead Ranch Water Association, Inc. ("Association") has decided to install a Point-of-Use filtration water treatment unit (including any and all ancillary equipment) ("Treatment Unit") in each residence served by the Arrowhead Ranch Water System ("Water System") to reduce uranium concentrations that exceed the primary drinking water standard.

This water treatment technology is chosen because it is the most effective means of removing this type of contaminant from the system's drinking water in a cost efficient manner. Installation of this technology will help to ensure that safe water is available in your home for drinking and cooking. The Treatment Unit is specifically described as:

[Insert brand and type of treatment device]

The undersigned constitute all of the current legal owners (collectively "Owner") of the Lot in Arrowhead Ranch Subdivision, [or Parcel located in] Bonner County, Idaho indicated by such Owner's signature line below, ("Property").

The undersigned Owner, in consideration of the installation of the Treatment Unit and other good and valuable consideration represents, warrants and agrees as follows:

1. All Association employees, agents, authorized representatives and others under agreement with the Association are authorized to enter the aforementioned property to:
 - a. Install, replace, maintain, or remove the Treatment Unit and any ancillary equipment.
 - b. Maintain the Treatment Unit. Maintenance may include periodic testing of the Treatment Unit as well as the collection of samples. Any maintenance, testing, or sample collection will occur during normal business hours. The Association will annually notify the Owner of the premises or residential user of the intention to provided maintenance to a Treatment Unit. Notification will be made directly or by mail. In the event that the Owner of or residential occupant will be unable to provide access to the Treatment Unit on the date and time specified in the notification, such residential occupant will schedule an alternative time with the Company.

c. Inspect the plumbing and piping in and around the Treatment Unit, as appropriate, to determine whether all appliances that are used to dispense water for drinking and cooking purposes are plumbed to receive treated water from the Treatment Unit.

2. To not adjust, modify, tamper with, bypass, or remove the Treatment Unit or permit another to do so.

3. To, within a reasonable period of time, notify the Association of:

- a. Any problems, concerns, or questions concerning the Treatment Unit.
- b. The rental, lease, sale, or other transfer of the aforementioned Property.

4. To indemnify and hold harmless the Association for any injury or damage which may occur as a result of the installation, maintenance, operation, monitor, or removal of the Treatment Unit.

5. To assume the responsibility of instruction family members, tenant, other residents, and visitors that they should not cook with or ingest water from untreated taps.

6. To disclose the contents of this Access & Maintenance Agreement, the Public Notice, and any other informational material associated with the Company's water treatment strategy to all potential tenants and home buyers.

All water treatment equipment shall constitute a part of the Water System and remain the property of the Association or its assigns. The undersigned agree to reimburse the Association for any costs incurred because the undersigned has adjusted, modified, bypassed, tampered with, or removed the Treatment Unit or permitted another to do so.

The agreement remains in effect until the Treatment Unit is removed from the property by the Company.

While in effect, this agreement shall run with the land and shall inure to the benefit of and bind the Association and Owner and all parties having or acquiring any right, title, or interest in the Property and the Association shall have the right without further notice to or consent of the Owner to assign its rights and obligations under this Access and Maintenance Agreement to such person or entity to which the Association may subsequently transfer the Water System.

This written permission is given by the undersigned voluntarily with knowledge of legal rights and without threat or promise of any kind.

ARROWHEAD RANCH WATER ASSOCIATION, INC.

By: _____
Its:

State of _____

County of _____

This record was acknowledged before me on _____, 2020 by
_____ as the _____ of Arrowhead Ranch Water Association,
Inc.

Commission Expires: _____

Signature of Notary Public

Owners:

Mailing Address:

Date

Date

State of _____

County of _____

This record was acknowledged before me on _____, 2019 by *.

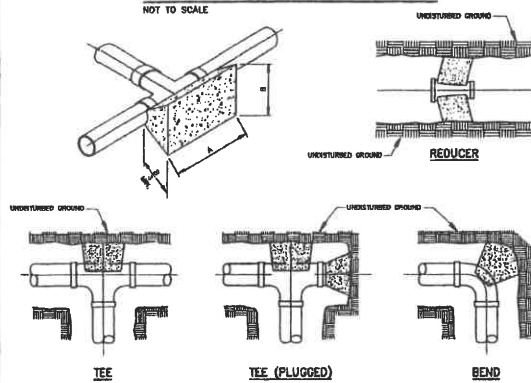
Commission Expires: _____

Signature of Notary Public

The background of the entire page is a stylized, grayscale representation of the United States flag. It features a field of stars in the upper left corner and horizontal stripes that flow across the page with a wavy, dynamic texture.

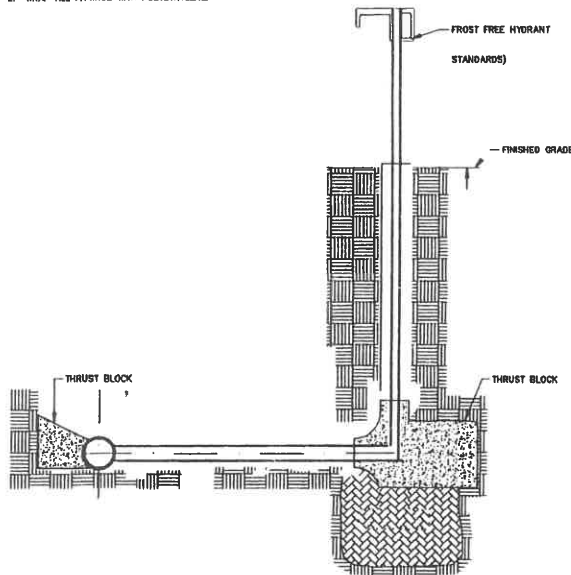
**ARROWHEAD RANCH
WATER COMPANY LLC**

THRUST BLOCKING DETAILS



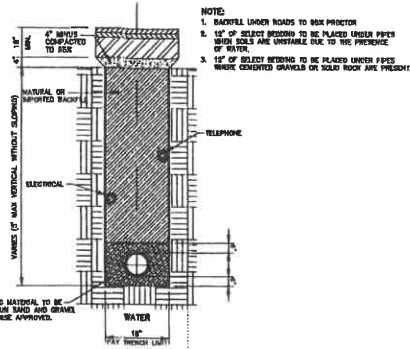
FITTING SIZES	TEES AND PLUGS		90° BEND		45° BEND AND WYES		REDUCERS AND 2 1/2" BEND	
	A	B	A	B	A	B	A	B
3"	19"	14"	21"	19"	20"	10"	19"	8"
6"	24"	23"	29"	26"	22"	19"	21"	10"
8"	32"	30"	38"	38"	29"	25"	21"	18"
10"	40"	39"	48"	48"	33"	33"	26"	23"
12"	48"	46"	58"	58"	44"	39"	31"	27"
14"	65"	48"	78"	59"	57"	41"	41"	29"

- NOTES:**
 1. THIS TABLE IS BASED ON 150 PSI MAIN PRESSURE 2000 PSF SOIL BEARING PRESSURE.
 2. WRAP ALL FITTINGS WITH POLYETHYLENE.



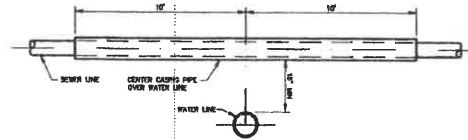
END OF LINE CLEANOUT DETAIL

NOT TO SCALE



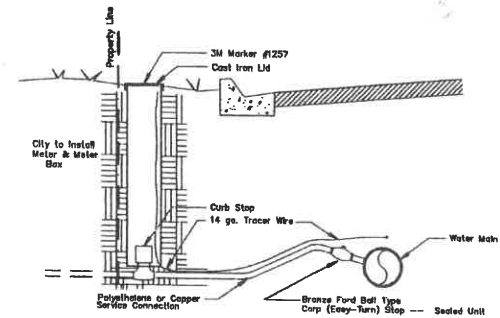
TYPICAL TRENCH DETAILS

NOT TO SCALE



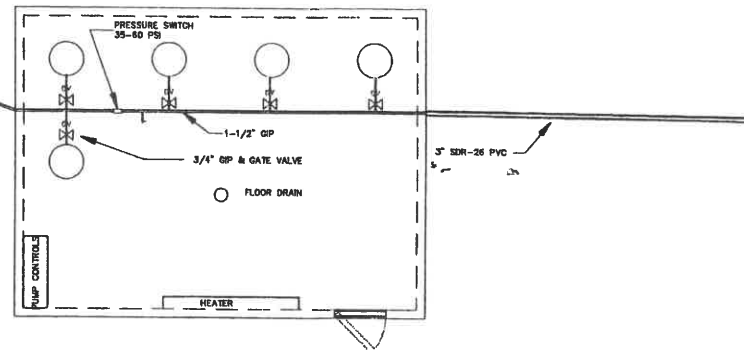
WATER-SEWER LINE CROSSING DETAIL

NOT TO SCALE



TYPICAL WATER SERVICE CONNECTION

NOT TO SCALE



PUMP HOUSE DETAIL

NOT TO SCALE

NOTES:

1. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH IDAHO STANDARDS FOR PUBLIC WORKS CONSTRUCTION (1890).
2. WELL AND WATERMARKS SHALL BE DISINFECTED IN ACCORDANCE WITH ANWA C801.

	ARROWHEAD RANCH WATER SYSTEM		
	WATER CONSTRUCTION DETAILS		
	Welch Engineering, Inc.		
	CIVIL ENGINEERING - SURVEYING P.O. BOX 934 - 2024 COVERED HIGHWAY - SANDPOINT, IDAHO 83864 PH. (208) 263-8581		
Drawn by: ZM	Date: 4/95	Sheet 2 of 2	
Checked by:	Scale: NTS		

COPY

[illegible]

Drawn by: <u>LM</u>	Date: <u>4/25</u>	Sheet <u>1</u> of <u>2</u>
Checked by:	Scale: <u>1"=100'</u>	

Drawn by: <u>LM</u>	Date: <u>4/25</u>	Sheet <u>1</u> of <u>2</u>
Checked by:	Scale: <u>1"=100'</u>	

Make Check Payable To:
Bonner County Tax Collector
1500 Hwy. 2, Suite 304
Sandpoint, ID 83864
Telephone: (208) 265-1433

2016 PROPERTY TAX STATEMENT AND RECEIPT

Register at eNoticesOnline.com. Authorization Code:
BON-46YTW7K9

Bill #: 22008
Tax Code Area: 62-0000
Parcel #: RP006930000030A

1st Half Due 12/20/2016

Tax \$ 264.20
Late
Interest
Costs
Total

2nd Half Due 6/20/2017

Tax \$ 264.20
Late
Interest
Costs
Total

Full 2016 Amount Due

Tax \$ 528.40
Late
Interest
Costs
Total

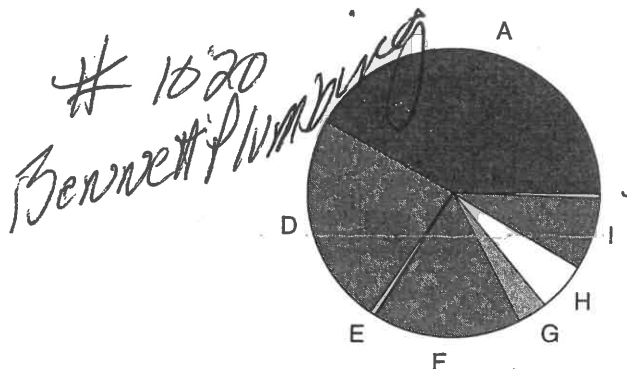
Assessed Value

LAND 70,437
TOT MKT 70,437
TOT ACRES 1.100

263*1**50***0.5995**1/1*****AUTO**5-DIGIT 83524
BENNETT MICHAEL D & MARTHA J
PO BOX 7
COCOLALLA ID 83813-0007



Distribution of your 2016 Tax



Property Location: COCOLALLA LP 83813
Legal Description: 18-55N-2W ARROWHEAD RANCH
LOT 3

Description	Rate	Amount
A = COUNTY	.003113148	\$219.28
B = LAKE PO M&O		\$0.00
C = LAKE PO BOND		\$0.00
D = LAKE PO SUPL	.001766935	\$124.46
E = LAKE PO OTHER	.000047375	\$3.34
F = CO RD/BRIDGE	.001221184	\$86.02
G = P.O. HOSPITAL	.000240690	\$16.94
H = AMBULANCE DIST	.000406558	\$28.64
I = E BONNER LIB	.000600000	\$42.26
J = LIBRARY BOND	.000039869	\$2.80
K = SAGLE FIRE	.001985268	\$0.00
DISTRICT TOTAL	.009421027	\$523.74
FOREST ASSESSMENT		\$4.00
FOREST PRACTICES ACT		\$0.66
AMOUNT DUE		\$528.40

★★★IMPORTANT★★★
PLEASE READ BOTH FRONT AND BACK
★★★ MONTHLY PAYMENTS ARE ACCEPTED ★★★

TO AVOID LATE CHARGES, PAYMENTS MUST BE
RECEIVED OR POSTMARKED BY THE DUE DATE.

IF PAYMENT IS NOT MADE BY DUE DATE,
CONTACT OUR OFFICE. PLEASE RETURN
NOTICE WITH PAYMENT.

WELCH ENGINEERING, INC.
ENGINEERING-SURVEYING
P.O. BOX 934 - DOVER HIGHWAY
SANDPOINT, ID 83864

August 1, 1995
Invoice Number 811
Project 095-105

MIKE BENNETT
P.O. BOX 7
COCOLALLA, ID 83813

Project: MISC.

Professional Services: July 1, 1995 through July 31, 1995

SUPPLEMENTAL BILLINGS

7/06	Blueprints - 18x24	(6 @ \$2.00 each)	12.00
------	--------------------	-------------------	-------

TOTAL THIS INVOICE	12.00
	=====

Hester Well Drilling, Inc.
Route 1 Box 142
Priest River, Idaho 83856
Lic. #528 (208-263-5404)

MIKE BENNETT

SHIPPED TO

P.O. Box 7

STREET & NO.

COCOLALLA IO 83813

CITY

PN# 265-5555

INVOICE

WELCH ENGINEERING, INC.
ENGINEERING-SURVEYING
P.O. BOX 934 - DOVER HIGHWAY
SANDPOINT, ID 83864

October 1, 1994
Invoice Number 1033
Project 094-180

MIKE BENNETT
P.O. BOX 7
COCOLALLA, ID 83813

Project: WATER SYSTEM

For: ARROWHEAD RANCH

Professional Services: September 1, 1994 through September 30, 1994

PROFESSIONAL PERSONNEL

PROGRESS BILLING #1

	Amount
FIELD SURVEY	727.65
CALCULATIONS	50.40
MEETING W/CLIENT	50.00
SITE INSPECTION	75.00

TOTAL THIS INVOICE 903.05
=====

☐ Pump ☐ Bailer ☒ Air ☐ Flowing Artesian

Yield gal./min.	Drawdown	Pumping Level	Time
100+ s			2 hours

Water Temp. _____ Bottom hole temp. _____
Water Quality test or comments: clear and cold

12. LITHOLOGIC LOG: (Describe repairs or abandonment)

[illegible]

☒ Domestic ☐ Municipal ☐ Monitor ☐ Irrigation
☐ Thermal ☐ Injection ☐ Other

☒ New Well ☐ Modify or Repair ☐ Replacement ☐ Abandonment

☐ Mud Rotary ☒ Air Rotary ☐ Cable ☐ Other

SEAL/FILTER PACK			AMOUNT	METHOD
Material	From	To	Sacks or Pounds	
Bentonite	0	20	8	overpacked

Was drive shoe used? Y ☒ N ☐
Was drive shoe seal tested? Y ☐ N ☐ How?

Diameter	From	To	Gauge	Material	Casing	Liner	Welded	Threaded
6	1 1/2	115	250	Steel	☒	☐	☐	☐
4	-6	335	140	PVC	☐	☒	☐	☐
					☐	☐	☐	☐

Length of Headpipe _____ Length of Tailpipe _____

☒ Perforations Method Skill Saw Cut
☐ Screens Screen Type _____

From	To	Slot Size	Number	Diameter	Material	Casing	Linear
35	615	1/16 x 6	20	4"	P.V.C	☐	☒
35	340	1/16 x 6	40	4"	P.V.C	☐	☒
						☐	☐

170 ft. below ground Artesian pressure _____ lb.
 Depth flow encountered _____ ft. Describe access port or
 control devices: _____

I/We certify that all minimum well construction standards were complied with at the time the rig was removed.

Firm Name Hester Well Drilling Firm No. 528

Firm Official: William E. King Date 6-16-94

Supervisor or Operator C. Mark Hawley Date 6-16-94



Public Health

PANHANDLE HEALTH DISTRICT*Healthy People in Healthy Communities*

322 MARION AVENUE
SANDPOINT, IDAHO 83864
(208) 265-6384
<http://www2.state.id.us/phd1>

April 2, 2004

Mr. Ron Chaney
431 Lakeview Boulevard
Sandpoint, ID 83864

Re: Well site evaluation, Arrowhead Ranch

Dear Ron:

Thank you for the opportunity to inspect the well proposed to serve the expansion of the Arrowhead Ranch Water System. The well is located on the property line between Lot 2 and Lot 3, Arrowhead Ranch Park, T55N R2W Sec 18, B.M. The site appears to be in accordance with Idaho Rules for Public Drinking Water Systems, IDAPA 58.01.08 (rules), and is approved for use as a public supply contingent on the following:

1. The well must be located a minimum of 50 feet from any potential source of contamination, and no closer to specific sources than;

Sewer line	50 feet	Livestock	50 feet
Septic tank	100 feet	Lakes, ponds, streams,	50 feet
Disposal Field	100 feet	canals, ditches, & tanks	
Seepage Pit	100 feet	used to store non-potable	
Privies	100 feet	substances	

2. There must be a dedicated well lot surrounding the well providing a minimum of 50 feet between the well and the nearest property line. The well lot must be owned in fee simple by the owner of the water system or controlled by a long term lease equal to the usable life of the well.
3. Contact the Idaho Department of Water Resources, 1910 Northwest Boulevard, Coeur d'Alene, Idaho 83814, regarding modification of the water right pertaining to the well.
4. The surface seal for the well needs to be increased to a two inch annulus.

5. In accordance with Idaho Code 39-118, and section 550.03 of the rules; as constructed plans and specifications for the construction of the well, stamped by a professional engineer registered in Idaho, must be submitted to the Idaho Department of Environmental Quality (DEQ), 2110 Ironwood Parkway, Coeur d'Alene, Idaho 83814. **These plans must be reviewed and approved prior to using the well as a public source.**

Please call me at (208) 265-6384, if you have any questions.

Sincerely,

Mike Nelson

Mike Nelson, R.E.H.S.
Sr. Environmental Health Specialist

cc: Steve Tanner, IDEQ – Coeur d'Alene
Bob Haynes, IDWR – Coeur d'Alene
Jim Johnson, H2O Well Service
Scott Brown, Tucker, Brown, Vermeer Engineering

Miss Bon Gile

Environmental Health
Vital Statistics
Home Health
Health Education
Family Planning
Well Child Conference
WIC Clinics
Immunizations

PANHANDLE HEALTH DISTRICT I

P. O. Box 734
1020 Michigan
(Ella Street at Michigan Street)
Sandpoint, Idaho 83864
(208) 263-5159

June 23, 1994

Michael Bennett
PO Box 7
Cocolalla Id 83813

Re: Well site evaluation for Arrowhead Ranch

Dear Mr Bennett

Thank you for the opportunity to inspect the well site for the 7 lot Arrowhead Ranch subdivision with you on 06/23/94.

The site, located near the north property line of lot 3, exceeds the requirements under Idaho Rules for Public Drinking Water Systems.

Idaho Code 39-188 requires that plans and specifications for your proposed water system be approved by the Division of Environmental Quality.

The following need to be submitted to the Division of Environmental Quality, 2110 Ironwood Parkway, Coeur d Alene, Id 83864:

1. The drillers log for the well.
2. Results of a 6 hour test pump of the well including pumping rate, drawdown, static water level and recovery time.
3. A copy of the deed describing a minimum 50' radius well lot.
4. Sample results from the well for coliform bacteria, nitrate and nitrite.
5. Plans and specifications for the proposed water system signed by a engineer registered in the State of Idaho.

Plans and specifications for the water system must be approved prior to construction.

Please call me at 263-5159 if you have any questions. I have enclosed applicable sections of Idaho Rules for Public Systems for your information.

Sincerely



Mike Nelson
Environmental Health Specialist
Drinking Water Coordinator

MN:ld

cc: Steve Tanner
IDHW-DEQ Coeur d Alene

Lorne E Braun
Panhandle Health District Sandpoint

80091

COPY

Ident. No. 96-9566

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR PERMIT

To appropriate the public water of the State of Idaho

RECEIVED
MAY 20 2015
IDWR / NORTH

1. Name: MICHAEL D BENNETT
PO BOX 7
COCOLALLA ID 83813
(208)265-5555

2. Source: GROUND WATER

3. Location of Point of Diversion:

#1 GROUND WATER L6 (NE1/4NW1/4) Sec. 18, Twp 55N, Rge 02W, B.M. BONNER County

4. Water will be used for the following purposes:

Purpose	From	To	RATE OF DIVERSION
DOMESTIC	01/01	to 12/31	0.04 CFS
IRRIGATION	04/01	to 10/31	0.07 CFS

5. Total quantity to be appropriated is: 0.11 CFS

6. Proposed diverting works:

POINT OF DIVERSION #1

a. Type and size of devices used to divert water from the source: OLD WELL, NO WELL LOG

b. Height of storage dam _____ feet;

Active reservoir capacity _____ acre-feet;

Total reservoir capacity _____ acre-feet;

c. Proposed well diameter is _____ inches;

Proposed depth of well is _____ feet.

d. Is ground water with a temperature of greater than 85F being sought?

e. If well is already drilled, when? _____;

Drilling Firm _____;

Drilling Permit No. _____.

7. Time required for the completion of the works and application of the water to the proposed beneficial use is 1 year(s).

8. PLACE OF USE: DOMESTIC

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
55N 02W 18					X												
					L 6												

PLACE OF USE: IRRIGATION

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
55N 02W 18					2.5												2.5
					L 6												

Total Acres: 2.5

COPY

Page 2

Ident. No. 96-9566

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR PERMIT

To appropriate the public water of the State of Idaho

9a. Who owns the property at the point of diversion? If other than applicant, describe the arrangement enabling the applicant to make this filing.

APPLICANT

9b. Who owns the land to be irrigated or place of use? If other than applicant, describe the arrangement enabling the applicant to make this filing.

APPLICANT

10. Remarks:

APPLICANT IS USING EXISTING WELL TO SUPPLY HOME AND IRRIGATION OF 2.5 ACRES.
WELL WAS DRILLED BEFORE 1970.

11. Map of proposed point of diversion and place of use attached? ☒

BE IT KNOWN that the undersigned hereby makes application for permit to appropriate the public waters of the State of Idaho as herein set forth.

Michael O'Brien

Applicant

Received by db / AF Date 5/20/15 Time _____ Preliminary check by _____
Publication prepared by _____ Date _____ Published in _____
Publication approved _____ Date _____

Receipt No.

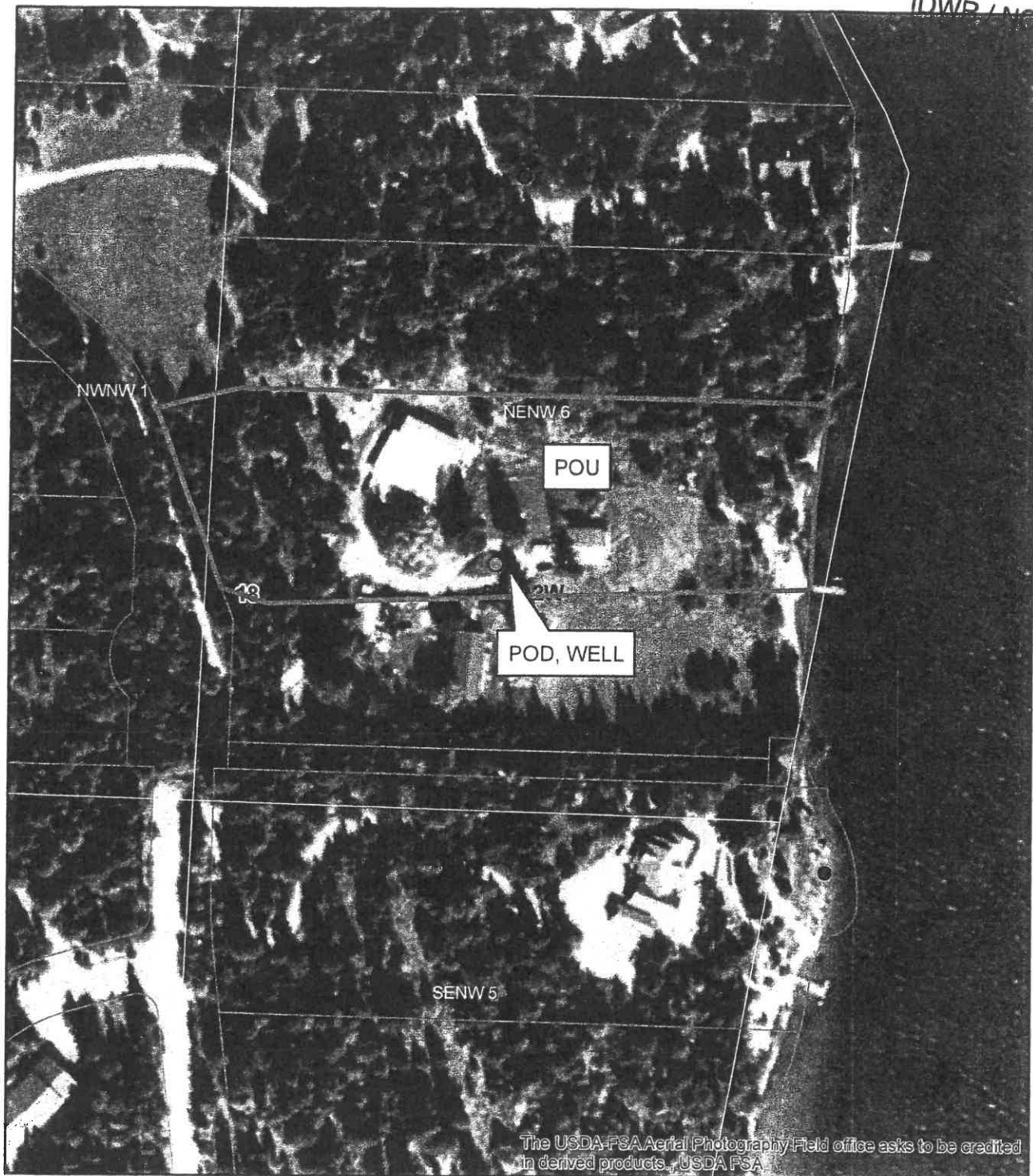
Date: 5/20/15

Receipted by: db

COPY BENNETT APPLICATION MAP

RECEIVED
MAY 20 2015

IDWR / NORTH



Legend

-  Taxlots
-  Sections
- QQ

0 0.015 0.03 0.06 Miles



80228

Ident. No.

96-9579

RECEIVED

JUN 24 2015

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT
To appropriate the public waters of the State of Idaho

1. **IDWR / NORTH** NARROWHEAD RANCH WATER COMPANY LLC Phone 208-265-5555
Name connector (check one): ☐ and ☐ or ☐ and/or
Mailing address PO BOX 7 City COCOLALLA
State ID Zip 83813 Email _____

2. Source of water supply GROUNDWATER which is a tributary of _____

3. Location of point(s) of diversion:

TWP	RGE	SEC	Govt Lot	1/4	1/4	1/4	County	Source	Local name or tag #
55N	02W	18	1		NW	NW	BONNER	GROUNDWATER	96-94-N-170

4. Water will be used for the following purposes:

Amount 0.14 CFS for DOMESTIC purposes from 1/1 to 12/31 (both dates inclusive)
(cfs or acre-feet per year)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per year)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per year)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per year)

5. Total quantity to be appropriated is (a) 0.14 cubic feet per second (cfs) and/or (b) _____ acre feet per year (af).

6. Proposed diverting works:

a. Describe type and size of devices used to divert water from the source. _____

b. Height of storage dam _____ feet; active reservoir capacity _____ acre-feet; total reservoir capacity _____ acre-feet. If the reservoir will be filled more than once each year, describe the refill plan in item 11. For dams 10 feet or more in height OR reservoirs with a total storage capacity of 50 acre-feet or more, submit a separate Application for Construction or Enlargement of a New or Existing Dam. Application required? ☐ Yes ☐ No

c. Proposed well diameter is _____ inches; proposed depth of well is _____ feet.

d. Is ground water with a temperature of greater than 85°F being sought? ☐ Yes ☐ No

e. If well is already drilled, when? 6-16-94; drilling firm HESTER WELL DRILLING;
well was drilled for (well owner) MIKE BENNETT; Drilling Permit No. 96-94-N-170

7. Description of proposed uses (if irrigation only, go to item 8):

a. Hydropower; show total feet of head and proposed capacity in kW. _____

b. Stockwatering; list number and kind of livestock. _____

c. Municipal; complete and attach the Municipal Water Right Application Checklist.

d. Domestic; show number of households 9 HOMES IN HOME USE = 0.6 ACRE FEET PER LOT

e. Other; describe fully. DOMESTIC EXTERNAL USE WITH IRRIGATION UP TO 1/2 ACRE PER LOT = 0.6 ACRE FEET PER LOT.

8. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of the use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

TWP	RGE	SEC	NE				NW				SW				SE				TOTALS
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
55N	02W	18					D	D											
							GL6	GL1											

Total number of acres to be irrigated: _____

9. Describe any other water rights used for the same purposes as described above. Include water delivered by a municipality, canal company, or irrigation district. If this application is for domestic purposes, do you intend to use this water, water from another source, or both, to irrigate your lawn, garden, and/or landscaping?

10. a. Who owns the property at the point of diversion? APPLICANT

b. Who owns the land to be irrigated or place of use? LLC PROVIDES WATER TO HOMES

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing:

11. Describe your proposal in narrative form, and provide additional explanation for any of the items above. Attach additional pages if necessary.

APPLICANT HAS WELL THAT SERVES 9 HOMES WITH DOMESTIC USE WITH IRRIGATION UP TO 1/2 ACRE PER LOT.

12. Time required for completion of works and application of water to proposed beneficial use is 1 years (minimum 1 year).

13. **MAP OF PROPOSED PROJECT REQUIRED** - Attach an 8½" x 11" map clearly identifying the proposed point of diversion, place of use, section #, township & range. A photocopy of a USGS 7.5 minute topographic quadrangle map is preferred.

The information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval.

Michael D Bennett
Signature of Applicant

Signature of Applicant

Michael Bennett (owner)
Print Name (and title, if applicable)

Print Name (and title, if applicable)

For Department Use:

Received by _____ Date _____ Time _____ Preliminary check by _____

Fee \$ 100.00 Received by N. Seading Receipt No. 1031313 Date 10-24-15

TAXLOTS SERVED BY ARROWHEAD RANCH WATER COMPANY LLC

RP006930000020A

RP006930000030A

RP00693000004AA

RP00693000005A0A

RP00693000005B0A

RP006930000060A

RP00693000007AA

RP00693000011AA

RP006930000100A



1-877-692-6772
www.mycorporation.com

June 3, 2015

Michael Bennett
290 Arrowhead Dr.
Cocolalla, Idaho 83813

RE: LLC Name: **Arrowhead Ranch Water Company LLC**
 Date of Filing: **05/27/2015**
 Order Number **340948**

Dear Michael Bennett:

Congratulations! Your Articles of Organization have been filed with the Secretary of State, and your LLC has now been formed.

Enclosed, please find the following items:

✓ **LLC Maintenance Checklist**

(see this for your next steps)

✓ **Articles of Organization**

(used for contracts & banking)

✓ **Additional record-keeping forms to manage
Your business decisions, company ownership
and more.**

Thank you for choosing MyCorporation.
We wish you success with all your future business endeavors.

Sincerely,
MyCorporation Business Services, Inc.

LLC MAINTENANCE CHECKLIST*



Place order with MyCorporation



Receive the LLC final package containing the Articles of Organization



Review Documents in the Tax Form Tab

- If you ordered an EIN or elected S-Corp status, the documents can be found in the Tax Form Tab.
- If you did not request an EIN or S-Corp election from MyCorporation, contact us if you require these services.



Complete Operating Agreement

- MyCorporation has provided a sample Operating Agreement for your convenience. Fill out the Operating Agreement based on the decisions made by the managers. Store the completed Operating Agreement in the Elite Kit.



Issue Membership Certificates

- Issue Member Certificates and record them on the Member Transfer Ledger. While issuing member certificates is not required to run an LLC, some LLCs elect to document the ownership interests in the LLC.



Schedule Meetings and Take Minutes

- Although not required, LLCs can hold meetings and record minutes. Minutes are the written records of the LLC and can be completed after any meeting. Document the decisions made during meetings using the sample form provided in the Minutes tab. Store the completed Minutes in the Elite Kit.



Review Additional Tabs

- For your convenience, MyCorporation includes additional tabs that may be needed to operate the business.
- Please note, the tabbed sections are left intentionally blank, to provide extra space to store documents not provided by MyCorporation.



Contact MyCorporation

- Not only can MyCorporation help create a new business, but we can assist with ongoing corporate filing needs.
 - Maintain corporate compliance with our **Annual Report, MyIncGuard and Registered Agent** services.
 - Want to protect the company brand name? Our **Trademark** services can help.
 - Need a new business name? We can help you file for a **DBA**.

Visit MyCorporation.com or call 1-877-MYCORG-2 (1-877-692-6772) for assistance.

*PLEASE NOTE: DOCUMENTS PROVIDED IN THIS PACKAGE ARE MERELY DRAFTS AND ARE IN NO WAY TAILORED TO MEET THE SPECIFIC NEEDS OF THE LLC.

CERTIFICATE OF ACKNOWLEDGMENT
FOR
ARROWHEAD RANCH WATER
COMPANY LLC
A LIMITED LIABILITY COMPANY (LLC)

THIS CERTIFICATE OF ACKNOWLEDGMENT is made and entered into by the undersigned as of the date written below with reference to the following facts:

On or about 05/27/2015, the undersigned acted as the **SOLE ORGANIZER** of Arrowhead Ranch Water Company LLC, a Idaho limited liability company (the "Company"), by filing Articles of Organization for such Company with the state office.

In performing the foregoing acts, the undersigned was acting for, and at the direction of the Members of the Limited Liability Company as listed below. The individuals and/or entities listed below are hereby acknowledged as the sole Members of the Company with full and exclusive power and authority to act on its behalf in accordance with the foregoing Articles of Organization.

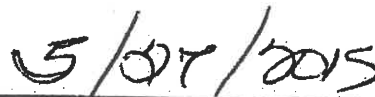
Michael Bennett

I hereby assign all my rights, responsibilities, and duties as organizer of Arrowhead Ranch Water Company LLC to the above-named Members. After execution of this Certificate, the Organizer named herein shall have no rights, responsibilities, or duties in regards to this Limited Liability Company.

IN WITNESS WHEREOF, I have hereunto set my hand as of the day and year written below.



Carri Brown, Organizer
Arrowhead Ranch Water Company
LLC



Date



CERTIFICATE OF ORGANIZATION LIMITED LIABILITY COMPANY

(Instructions on back of application)

FILED EFFECTIVE

2015 MAY 27 PM 2:55

SECRETARY OF STATE
STATE OF IDAHO

1. The name of the limited liability company is:

Arrowhead Ranch Water Company LLC

2. The complete street and mailing addresses of the initial designated office:

290 Arrowhead Dr. Cocolalla, ID 83813

(Street Address)

P.O. Box 7 Cocolalla, ID 83813

(Mailing Address, if different than street address)

3. The name and complete street address of the registered agent:

Michael Bennett

(Name)

290 Arrowhead Dr. Cocolalla, ID 83813

(Street Address)

4. The name and address of at least one member or manager of the limited liability company:

Name

Address

Michael Bennett

P.O. Box 7 Cocolalla, ID 83813

5. Mailing address for future correspondence (annual report notices):

P.O. Box 7 Cocolalla, ID 83813

6. Future effective date of filing (optional): _____

Signature of a manager, member or authorized person.

Signature _____

Typed Name: Carr Brown

Signature _____

Typed Name: _____

Secretary of State use only

IDAHO SECRETARY OF STATE

05/27/2015 05:00

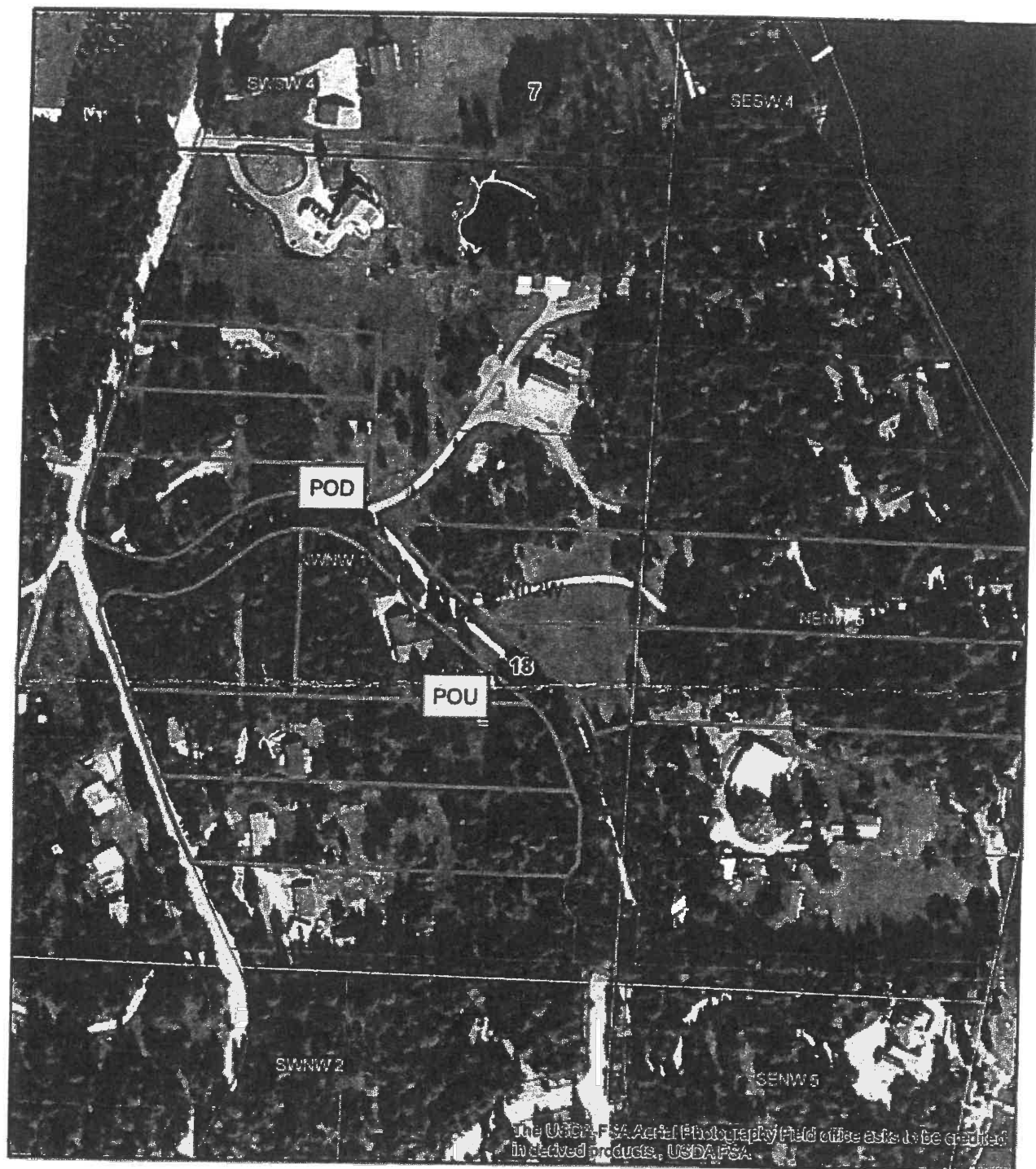
CK:2873868 CT:172099 SH:1477190

1@ 100.00 = 100.00 ORGAN LLC #2

1@ 20.00 = 20.00 EXPEDITE C #3

W152046

ARROWHEAD RANCH WATER COMPANY LLC APP MAP



Legend

-  Taxlots
-  Sections
- QQ

0 0.025 0.05 0.1 Miles



State of Idaho
Department of Water Resources
Permit to Appropriate Water

NO. 96-09579

Priority: June 24, 2015

Maximum Diversion Rate: 0.14 CFS

This is to certify, that ARROWHEAD RANCH WATER COMPANY LLC
PO BOX 7
COCOLALLA ID 83813

has applied for a permit to appropriate water from:

Source: GROUND WATER

and a permit is APPROVED for development of water as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>	<u>ANNUAL VOLUME</u>
DOMESTIC	01/01 to 12/31	0.14 CFS	

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER L1 (NW1/4NW1/4) Sec. 18, Twp 55N, Rge 02W, B.M.
BONNER County

PLACE OF USE: DOMESTIC

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
55N	02W	18					X	X											
							L 6	L 1											

CONDITIONS OF APPROVAL

1. Proof of application of water to beneficial use shall be submitted on or before September 01, 2016.
2. Subject to all prior water rights.
3. Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code and applicable Well Construction Rules of the Department.
4. Domestic use is for 9 homes.
5. The irrigation occurring under this Domestic use shall not exceed 1/2 acre within each platted subdivision lot upon which a home has been constructed. This right does not provide for irrigation of common areas or for irrigation of lots upon which homes have not been constructed.
6. Place Of Use is located within Lots 2-4, Lot 5A, Lot 5B, Lot 6, Lot 7, Lot 10 and Lot 11; Arrowhead Ranch subdivision.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code. Witness the signature of the Director, affixed at Coeur d'Alene, this 15 day of September, 2015.


For: GARY SPACKMAN, Director

RECEIVED

JUL 11 2016

DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
STATEMENT OF COMPLETION
FOR SUBMITTING PROOF OF BENEFICIAL USE

FOR OFFICE USE ONLY	
Amt. of Fee \$	50
Receipt No.	C102289
Received By	ko
Date Received	7-11-16

The Idaho Department of Water Resources considers this form a statement by the permit holder(s) that development of a water right has been completed and that water has been applied to beneficial use to the extent described below. This form must be accompanied by an examination fee, when necessary, or by a completed Beneficial Use Field Report prepared by a certified water right examiner. Please refer to the instructions and fee schedule for this form. If ownership of the permit has changed, contact any Department office or visit the Department's website at idwr.idaho.gov for an Assignment of Permit form. If you wish to relinquish your permit because you have not established the authorized use of the water and are not applying for an extension, please notify the Department in writing.

- Permit No. 96-09579 Telephone No. 208 2655555
- Name of Permit Holder(s) MICHAEL D BENNETT / Arrowhead Ranch
- Mailing Address PO Box 7 City Cocolalla
State ID Zip 83813 Email Mike Bennett 1@gmail.com
- Source of Water well If GROUND WATER (well), Date Drilled mo. / yr.
Well Driller Hester Drilling Permit Number 96.94.N.170
- Extent of use(s) completed as authorized by the water right permit:
Domestic (No. of households) 9 Stockwater (No. and type of stock)
Irrigation (No. of acres) Other
- Total rate of diversion or storage volume for which proof is submitted 0.14 cfs OR acre-feet.
- Compliance with a measuring device requirement, lockable controlling device requirement, and/or other conditions of permit:
Refer to the approval conditions on your permit and respond accordingly.
The Department will not issue a license if permit conditions are not met.

Measuring Device	Is a measuring device required?	Yes ☐	No ☒
	If yes, has the measuring device been installed?	Yes ☐	No ☐
Lockable Controlling Device	Is a lockable device required to control the diversion?	Yes ☐	No ☒
	If yes, has the lockable device been installed?	Yes ☐	No ☐
Fish Screen	Is a fish screen required?	Yes ☐	No ☒
	If yes, has the fish screen been installed?	Yes ☐	No ☐

Other Conditions of Permit
Do the approval conditions on your permit require you to submit additional information in connection with your proof of beneficial use? If yes, list the conditions below and attach documents with the required information.

Completed? Yes ☐ No ☐

- Fee Enclosed \$ 50.00 or not applicable ☐. See fee schedule on page 2 of the instructions.
Proof statements filed without an appropriate fee, will be considered incomplete.
- Person to contact to accompany the Department representative during field examination of the water system.
Name MICHAEL BENNETT Telephone Number 208/265 5555
Mailing Address PO Box 7 City Cocolalla
State ID Zip 83813 Email Mike Bennett 1@gmail.com

The information given on this form is my true statement of the extent to which the above numbered permit has been developed and water has been diverted and applied to a beneficial use. I understand that any undeveloped portion of the permit is relinquished to the State of Idaho

Signature of Permit Holder Michael D Bennett Date July 6/16
(Include your title, if on behalf of company or organization)



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

July 13, 2016

ARROWHEAD RANCH WATER COMPANY LLC
PO BOX 7
COCOLALLA ID 83813

PROOF ACKNOWLEDGEMENT LETTER

RE: Permit No. 96-9579

Dear Permit Holder(s):

The Department acknowledges receipt of the proof of beneficial use form submitted for the above referenced permit. The next step in the process of developing a water right is for the Department to conduct a field examination to determine and confirm the use being made of the water.

Please be advised that Section 42-248, Idaho Code, requires you or the owner of this water right to maintain current ownership and address records on file with the Department. Forms to file a change of ownership of a water right and/or a change in the address of the water right owner are available from any Department office or at the Department's website at www.idwr.idaho.gov.

If you have any questions concerning the field examination, please contact the Northern Region Office of the Department located in Coeur d'Alene at (208) 762-2800.

Sincerely,

Darla Block
Technical Records Specialist

Enclosure(s)

CERTIFICATE OF SERVICE

I hereby certify that on July 8, 2016, I mailed a true and correct copy, postage prepaid, of the foregoing PRELIMINARY ORDER (Approved License) to the person(s) listed below:

RE: WATER RIGHT NO.

96-9566

**MICHAEL D BENNETT
PO BOX 7
COCOLALLA ID 83813**

A handwritten signature in black ink, reading "Darla Block". The signature is written in a cursive style with a large initial "D".

**Darla Block
Technical Records Specialist**

RECEIVED

JUL 11 2016

DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
STATEMENT OF COMPLETION
FOR SUBMITTING PROOF OF BENEFICIAL USE

FOR OFFICE USE ONLY	
Amt. of Fee \$	50
Receipt No.	C102259
Received By	AO
Date Received	7-11-16

The Idaho Department of Water Resources considers this form a statement by the permit holder(s) that development of a water right has been **completed** and that water has been applied to beneficial use to the extent described below. **This form must be accompanied by an examination fee, when necessary, or by a completed Beneficial Use Field Report prepared by a certified water right examiner.** Please refer to the instructions and fee schedule for this form. If ownership of the permit has changed, contact any Department office or visit the Department's website at idwr.idaho.gov for an *Assignment of Permit* form. If you wish to relinquish your permit because you have not established the authorized use of the water and are not applying for an extension, please notify the Department in writing.

- Permit No. 96-09579 Telephone No. 208 2655555
- Name of Permit Holder(s) MICHAEL D BENNETT / Arrowhead Ranch
- Mailing Address PO. Box 7 City CoCola Hg
State ID Zip 83813 Email MIKE BENNETT 1@GMAIL.COM
- Source of Water WELL If GROUND WATER (well), Date Drilled mo. ____ / yr. ____
Well Driller Hester Drilling Permit Number 96.94.N.170
- Extent of use(s) completed as authorized by the water right permit:
Domestic (No. of households) 9 Stockwater (No. and type of stock) ____
Irrigation (No. of acres) ____ Other ____
- Total rate of diversion or storage volume for which proof is submitted 0.14 cfs OR ____ acre-feet.

- Compliance with a measuring device requirement, lockable controlling device requirement, and/or other conditions of permit:
Refer to the approval conditions on your permit and respond accordingly.
The Department will not issue a license if permit conditions are not met.

Measuring Device	Is a measuring device required?	Yes ☐	No ☒
	If yes, has the measuring device been installed?	Yes ☐	No ☐
Lockable Controlling Device	Is a lockable device required to control the diversion?	Yes ☐	No ☒
	If yes, has the lockable device been installed?	Yes ☐	No ☐
Fish Screen	Is a fish screen required?	Yes ☐	No ☒
	If yes, has the fish screen been installed?	Yes ☐	No ☐

Other Conditions of Permit

Do the approval conditions on your permit require you to submit additional information in connection with your proof of beneficial use? If yes, list the conditions below and attach documents with the required information.

- Fee Enclosed \$ 50.00 or not applicable ☐. See fee schedule on page 2 of the instructions.
Proof statements filed without an appropriate fee, will be considered incomplete.

- Person to contact to accompany the Department representative during field examination of the water system.

Name MICHAEL BENNETT Telephone Number 208/265 5555
Mailing Address PO. Box 7 City CoCola Hg
State ID Zip 83813 Email MIKE BENNETT 1@GMAIL.COM

The information given on this form is my true statement of the extent to which the above numbered permit has been developed and water has been diverted and applied to a beneficial use. I understand that any undeveloped portion of the permit is relinquished to the State of Idaho

Signature of Permit Holder Michael D Bennett
(Include your title, if on behalf of company or organization)

Date July 6/16



State of Idaho

DEPARTMENT OF WATER RESOURCES

Northern Region, 7600 Mineral Drive, Suite 100, Coeur d'Alene, Idaho 83815

Phone: (208) 762-2800 FAX: (208) 762-2819 www.idwr.idaho.gov

September 24, 2015

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

ARROWHEAD RANCH WATER COMPANY LLC
PO BOX 7
COCOLALLA ID 83813

RE: Permit No.96-9579

Permit Approval Notice

Dear Permit Holder:

The Department of Water Resources has issued the enclosed permit authorizing you to establish a new water right. Please be sure to thoroughly review the conditions of approval and remarks listed on your permit.

The permit is a PRELIMINARY ORDER issued by the Department pursuant to Section 67-5243, Idaho Code. It can and will become a final order without further action by the Department unless a party petitions for reconsideration or files an exception and/or brief within fourteen (14) days of the service date as described in the enclosed information sheet.

Enclosed is a form entitled 'Instructions for Proof of Beneficial Use.' Please read the instructions carefully since you must take further action to develop this permit into a licensed water right. Also enclosed is a form entitled 'Proof of Beneficial Use.' If your project is already completed, you should complete and submit this form immediately.

The right to drill a well is not a part of this permit to appropriate water. Beginning in July of 1987, a statute was enacted which requires a drilling permit for new well construction and deepening of existing wells. If the well(s) proposed for use under this water right permit were drilled or deepened after July 1, 1987, a separate drilling permit must be obtained from this Department. Please contact the Ground Water Protection Section located here at this office or our regional office nearest you.

Also, please note that water right owners are required to report any change of water right ownership and/or mailing address to the Department within 120 days of the change. Failure to report these changes could result in a \$100 late filing fee. Contact any office of the Department or visit the Department's homepage on the Internet to obtain the proper forms and instructions.

If you have any questions, please contact me at 208-762-2800.

Sincerely,

A handwritten signature in cursive script that reads "Keith E. Franklin". The signature is written in dark ink and is positioned above the printed name.

Keith E. Franklin
Program Manager

Enclosure(s)

CERTIFICATE OF SERVICE

I hereby certify that on September 24, 2015 I mailed a true and correct copy, postage prepaid, of the foregoing PRELIMINARY ORDER(Approved Permit) to the person(s) listed below:

RE: WATER RIGHT NO.

96-9579

**ARROWHEAD RANCH WATER COMPANY LLC
PO BOX 7
COCOLALLA ID 83813**

A handwritten signature in cursive script that reads "Dianne L Ball". The signature is written in dark ink and is positioned above a horizontal line.

**Dianne L Ball
Administrative Assistant**

State of Idaho
Department of Water Resources
Permit to Appropriate Water

NO. 96-09579

Priority: June 24, 2015

Maximum Diversion Rate: 0.14 CFS

This is to certify, that ARROWHEAD RANCH WATER COMPANY LLC
PO BOX 7
COCOLALLA ID 83813

has applied for a permit to appropriate water from:

Source: GROUND WATER

and a permit is APPROVED for development of water as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>	<u>ANNUAL VOLUME</u>
DOMESTIC	01/01 to 12/31	0.14 CFS	

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER L1 (NW1/4NW1/4) Sec. 18, Twp 55N, Rge 02W, B.M.
BONNER County

PLACE OF USE: DOMESTIC

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
55N 02W 18					X	X											
					L 6	L 1											

CONDITIONS OF APPROVAL

1. Proof of application of water to beneficial use shall be submitted on or before **September 01, 2016**.
2. Subject to all prior water rights.
3. Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code and applicable Well Construction Rules of the Department.
4. Domestic use is for 9 homes.
5. The irrigation occurring under this Domestic use shall not exceed 1/2 acre within each platted subdivision lot upon which a home has been constructed. This right does not provide for irrigation of common areas or for irrigation of lots upon which homes have not been constructed.
6. Place Of Use is located within Lots 2-4, Lot 5A, Lot 5B, Lot 6, Lot 7, Lot 10 and Lot 11; Arrowhead Ranch subdivision.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code. Witness the signature of the Director, affixed at Coeur d'Alene, this 15 day of September, 2015.


For GARY SPACKMAN, Director

11 238-7

IDAHO DEPARTMENT OF WATER RESOURCES WELL DRILLER'S REPORT

Use Typewriter
or
Ball Point Pen
NOTED

DRILLING PERMIT NO. 96-94-N-170
IDWR No. _____
OWNER: Mike Bennett
Address: P.O. Box 7
Cocatalla State ID Zip 83813

LOCATION OF WELL by legal description:
On map location must agree with written location.

Map Location:

North	East	South	West
Twp. <u>55</u>	Range <u>2</u>	Sec. <u>18</u>	NE 1/4 NW 1/4
Gov't Lot _____ County _____			

Address of Well Site 6603 Cocatalla
City _____

PROPOSED USE:
☒ Domestic ☐ Municipal ☐ Monitor ☐ Irrigation
☐ Thermal ☐ Injection ☐ Other _____
TYPE OF WORK
New Well ☐ Modify or Repair ☐ Replacement ☐ Abandonment
DRILL METHOD
Mud Rotary ☒ Air Rotary ☐ Cable ☐ Other _____

SEALING PROCEDURES

Material	From	To	Amount Sacks or Pounds	METHOD
Grout	0	20	8	Overhead

Five shoe used? ☒ YES ☐ NO
Five shoe seal tested? ☒ YES ☐ NO How? _____

SINGLINER:

From	To	Gauge	Material	Casing	Linear	Welded	Threaded
11/2	115	250	Steel	☒ J5	☐	☐	☐
6	835	115	PVC	☐ J5	☒	☐	☐

of Headpipe _____ Length of Tailpipe _____
PERFORATIONS/SCREENS
Perforations Method Skid Saw Cut
Screens Screen Type _____

To	Slot Size	Number	Diameter	Material	Casing	Linear
615	1/4" x 1/4"	20	4"	PVC	☐	☒
835	1/4" x 1/4"	40	4"	PVC	☐	☒

ARTIC WATER LEVEL OR ARTESIAN PRESSURE:
ft. below ground Artesian pressure _____ lb.
How encountered _____ ft. Describe access port or devices: _____
NW NW 18 53 N 2 W

11. WELL TESTS:
☐ Pump ☐ Bailor ☒ Air ☐ Flowing Artesian
Yield gal./min. 100+ Drawdown _____ Pumping Level _____ Time 2 hours

Water Temp. _____ Bottom hole temp. _____
Water Quality test or comments: Clear and Cold

12. LITHOLOGIC LOG: (Describe repairs or abandonment)

Bore Dia.	From	To	Remarks: Lithology, Water Quality & Temperature	Y	N
8 1/2	0	3	Top Soil		
8 1/2	3	110	Decomposed Granite		
8 1/2	110	115	Granite		
6	115	225	Granite		
6	225	226	Fr. Granite		
6	226	610	Granite		
6	610	611	Fractured granite		
6	611	625	Granite		
6	625	627	Fractured Granite		
6	627	630	Granite with Quartz		
6	630	635	Granite		

RECEIVED
JUL 5 1994
NORTHERN REGION
IDWR

Completed Depth 635' (Measurable)
Date Started 6-14-94 Completed 6-16-94

13. DRILLER'S CERTIFICATION
We certify that all minimum well construction standards were complied with at the time the rig was removed.
Firm Name Haster Well Drilling Firm No. 528
Firm Official [Signature] Date 6-16-94
and _____
Supervisor or Operator C. Mark Haster Date 6-16-94
(Sign once if Firm Official & Operator)

**AMERICAN HALLMARK
INSURANCE COMPANY OF TEXAS**
777 Main Street, Suite 1000
Fort Worth TX 76102

REINSTATEMENT NOTICE

Billing: (888) 271-5634 Claims: (800) 426-5119

Policy Number	Policy Type	Due Date	Policy Effective	Policy Expiration
44CL493474	CPP - Commercial Package		02/13/2017	02/13/2018
Statement Mailed To		Agent	PHONE: 208-263-1426	

AAROWHEAD RANCH WATER CO LLC
PO BOX 7
COCOLALLA ID 83813

ISU INSURANCE SERVICES
PACIFIC FAR WEST AGENCY
1009 HIGHWAY 2 WEST, UNIT D
SANDPOINT ID 83864-2713
01189

Dear Valued Customer:

We are pleased to inform you that your policy has been reinstated.

Thank you for choosing our company to serve your insurance needs.

Policy Reinstatement Date is 04/02/2017 .

Keep this portion of the statement for your records.

IMPORTANT: Detach and return the notice below, along with your payment, in the envelope provided.
Please be sure to include your policy number on your check.

**AMERICAN HALLMARK
INSURANCE COMPANY OF TEXAS**
777 Main Street, Suite 1000
Fort Worth TX 76102

REINSTATEMENT NOTICE

Billing: (888) 271-5634 Claims: (800) 426-5119

* This is not a Bill *

Policy Number	Amount Enclosed	Payment Due Date
44CL493474		

Please enter amount enclosed.

Reinstatement notice sent by:

American Hallmark Insurance Company of Texas
PO BOX 901089
FORT WORTH TX 76101-2089

44CL493474

Policyholder:

AAROWHEAD RANCH WATER CO LLC
PO BOX 7
COCOLALLA ID 83813



CERTIFICATE OF ORGANIZATION LIMITED LIABILITY COMPANY

FILED EFFECTIVE

(Instructions on back of application)

2015 MAY 27 PM 2:55

SECRETARY OF STATE
STATE OF IDAHO

1. The name of the limited liability company is:

Arrowhead Ranch Water Company LLC

2. The complete street and mailing addresses of the initial designated office:

290 Arrowhead Dr. Cocolalla, ID 83813

(Street Address)

P.O. Box 7 Cocolalla, ID 83813

(Mailing Address, if different than street address)

3. The name and complete street address of the registered agent:

Michael Bennett

(Name)

290 Arrowhead Dr. Cocolalla, ID 83813

(Street Address)

4. The name and address of at least one member or manager of the limited liability company:

Name

Address

Michael Bennett

P.O. Box 7 Cocolalla, ID 83813

5. Mailing address for future correspondence (annual report notices):

P.O. Box 7 Cocolalla, ID 83813

6. Future effective date of filing (optional):

Signature of a manager, member or authorized person.

Signature

Typed Name: Carri Brown

Signature

Typed Name:

Secretary of State use only

IDAHO SECRETARY OF STATE

05/27/2015 05:00

CK:2873868 CT:172099 BH:1477190

10 100.00 = 100.00 ORGAN LLC #2

10 20.00 = 20.00 EXPEDITE C #3

W152046

WATER SERVICE AGREEMENT

This agreement made and entered into by and between
MICHAEL D. BENNETT and MARTHA J. BENNETT, husband and wife,
hereinafter referred to as "Owner," and _____
_____ hereinafter referred to as "User."

DEFINITIONS

1. **OWNER.** Owner is defined as the proprietor and owner of the domestic water collection and distribution, including all facilities for collecting, pumping, treating and distributing potable domestic water, serving Arrowhead Ranch subdivision located in Bonner County, Idaho.

2. **USER.** User is the one who has dominion over the real property mentioned herein, and which is the subject of his ownership.

3. **MAINLINE or MAINS.** Mainline or mains is defined as that portion of the distribution system that serves as the outlet for laterals.

4. **LATERALS.** Laterals are waterlines to be owned by the User and situated on the User's property.

5. **SERVICE CONNECTION.** Service connection is the union by junction of User's lateral line with Owner's mainline. Control of the service connection shall be exclusively with the Owner.

6. **DOMESTIC WATER FACILITY.** Domestic water facility shall be defined as all mainlines and the source, collection, pumping, treatment (if required), storage and distribution system.

RECITALS

A. Owner owns, operates and maintains a domestic water facility at Arrowhead Ranch subdivision located in Bonner County, State of Idaho. The water source is a deep well situated on Lot 3 of Arrowhead Ranch.

B. User desires to utilize said domestic water facility to acquire potable water to certain real property, hereinafter described in Exhibit "A."

C. Owner and User desire to enter into an agreement con-

cerning provision for providing domestic potable water to User's real property.

Therefore, in consideration for the mutual covenants contained herein, the parties agree as follows:

1. **GRANT OF CONNECTION RIGHTS.** Owner hereby authorizes User the right to connect to Owner's mainline, which is or shall be located on or near the User's real property.

2. **COMPLIANCE WITH SPECIFICATIONS.** User shall construct the connection into Owner's mainline in accordance with Owner's specifications, and User agrees to have the connection inspected by Owner's personnel before back-filling the trench. In conjunction with construction of the connection, Owner, at his cost, shall install a water meter at the point of connection.

3. **WORK TO BE PERFORMED.** User will cause to be done the necessary engineering, preparation of plats and specifications for the construction of a potable water line of adequate size to connect to Owner's mainline. Said plans, engineering and specifications are subject to approval of owner. User shall be responsible for installing his own pressure tank and booster pump to establish adequate pressure at the point of use. Said potable water lines will be constructed in accordance with the standards of, and subject to, receipt of a permit from the Board of Health from the State of Idaho, or its duly authorized representative and any applicable permits required from any other governmental agency. Obtaining the permit shall be the responsibility of User.

4. **COST OF CONNECTION.** User agrees to pay to Owner the sum of \$ _____ as a fee for connection to the water system. In addition, all costs related to connection, except for installation of a meter, shall be paid by the User.

5. **MALFUNCTION.** Owner, or the assigns of Owner, shall retain ownership of and be responsible for maintenance of said domestic water facility, but no liability shall attach to Owner, or the assigns of Owner, as a result of any malfunction of said system, unless a malfunction is proximately caused by Owner's willful neglect or gross negligence.

6. **OWNER'S DUTIES AND RESPONSIBILITIES.** The Owner shall operate the system in accordance with regulations and recommendations of the Idaho State Board of Health. The Owner agrees to maintain its water system at all times in good order and repair so that satisfactory water services be provided to User's property.

7. **RATES.** The owner reserves and has the right to establish and collect as a charge or charges for water service provid-

ed to the owners or occupants of said real property described in Exhibit "A" and any improvements thereon. The initial rates are as follows:

There shall be a minimum monthly flat rate of for use of from 0 to 16,000 gallons in a monthly billing period. In addition to the minimum monthly flat rate, additional charges shall be assessed for monthly use of water as follows:

From 16,000 to 20,000 gallons	\$1.00 per thousand gallons
From 20,000 to 25,000 gallons	\$2.00 per thousand gallons
From 25,000 to 30,000 gallons	\$3.00 per thousand gallons
30,000 or more gallons	\$5.00 per thousand gallons

The initial rates shall be adjusted annually on the first day of January, commencing January 1, 1996, to reflect annual percentage changes in the Consumer Price Index for All Urban Consumers; U.S. city average, All Items (1967=100) compiled by the Bureau of Labor Statistics, U.S. Department of Labor.

8. **MAINTENANCE RESPONSIBILITY.** The Owner shall have maintenance and repair responsibility of its mainlines as it deems reasonable. Any and all maintenance and repair of any kind whatsoever on User's service connection, tanks, pumps, or electrical components shall be the responsibility of the User.

10. **OWNER'S RIGHT TO MAINTAIN AND REPAIR.** Owner reserves the right and User expressly consents to Owner's right to maintain and repair User's service connection as Owner deems reasonably necessary. The cost of repairs to User's service connection deemed necessary as a result of User's willful neglect or gross negligence shall be the responsibility of the User.

11. **ASSIGNMENT.** User agrees that he shall not assign any provisions of this agreement except with the express permission of Owner. The approval of Owner shall not be unreasonably withheld. Any assignment approved by the Owner shall be attached hereto and made a part hereof in writing. This agreement is a covenant running with the land of Owner and User, and shall be binding upon the heirs, successors and assigns of each party.

12. **RIGHTS OF WAY.** User expressly grants, ~~bargains~~, sells and conveys unto Owner a right of way for installation, maintenance and repair of the distribution system of Owner.

13. **LIEN.** User grants unto to Owner the right to impose and record an express lien on the real property of User described in Exhibit "A" for User's failure to pay in a timely manner any and all charges, fees, costs or expenses of Owner.

14. **NOTICE OF WATER SYSTEM.** That Owner has executed an instrument, which is recorded in Bonner County, Idaho, State of

Idaho, which states that the well on Lot 3 of Arrowhead Ranch subdivision is subject to water system service agreements with owners of other real property.

15. OTHER LIABILITY. Owner shall not be held responsible for damages to User for interruption of service due to acts of God, or other circumstances beyond Owner's reasonable control, including but not limited to temporary power failure.

16. QUALIFICATION OF REPAIRMEN. User agrees he will not hire or permit anyone other than a licensed plumber or accredited representative of Owner to perform repair services on User's water system.

17. RIGHT TO EXPAND SYSTEM. The Owner reserves the right to sell and distribute water from the well on said Lot 3 of Arrowhead Ranch to real property located outside the subdivision of Arrowhead Ranch so long as a maintainable and continuous flow of not less than 5 (Five) gallons per minute remains available to all users within the Arrowhead Ranch subdivision.

18. TERMINATION. In the event the rates or other charges payable to Owner fall in arrears for 90 (NINETY) days, or more, Owner has the option to declare this agreement terminated by giving written notice to the User at User's address via certified mail, return receipt requested, and Owner shall be entitled to deduct and retain from any moneys paid to Owner as liquidated damages.

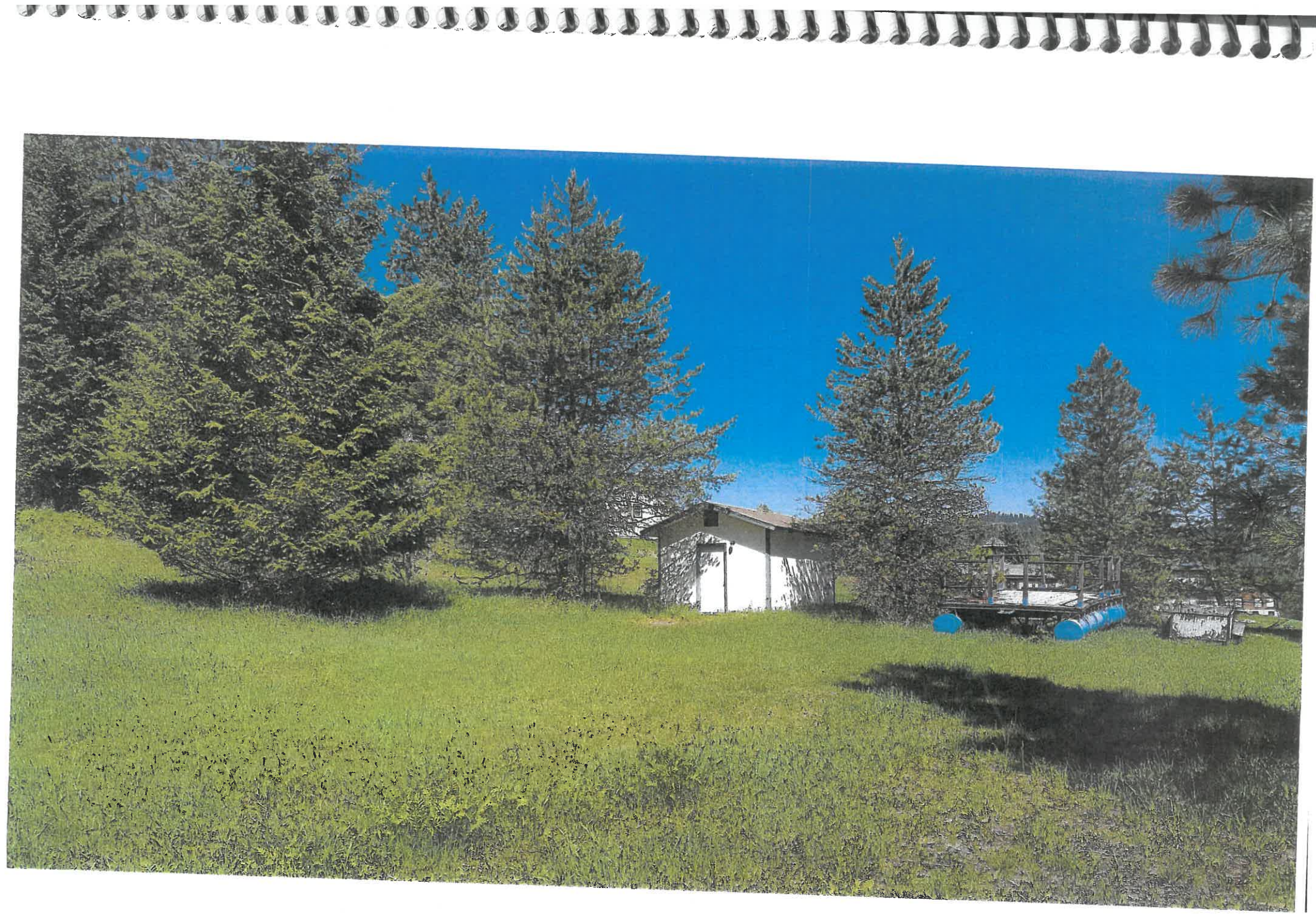
19. ATTORNEYS FEES. In the event court action is required to enforce the terms of this agreement, the prevailing party shall be entitled to an award of his reasonable attorneys fees, in addition to other customary costs of suit.

IN WITNESS WHEREOF, the parties have executed this instrument on the dates appearing opposite their respective signatures below.

OWNER:

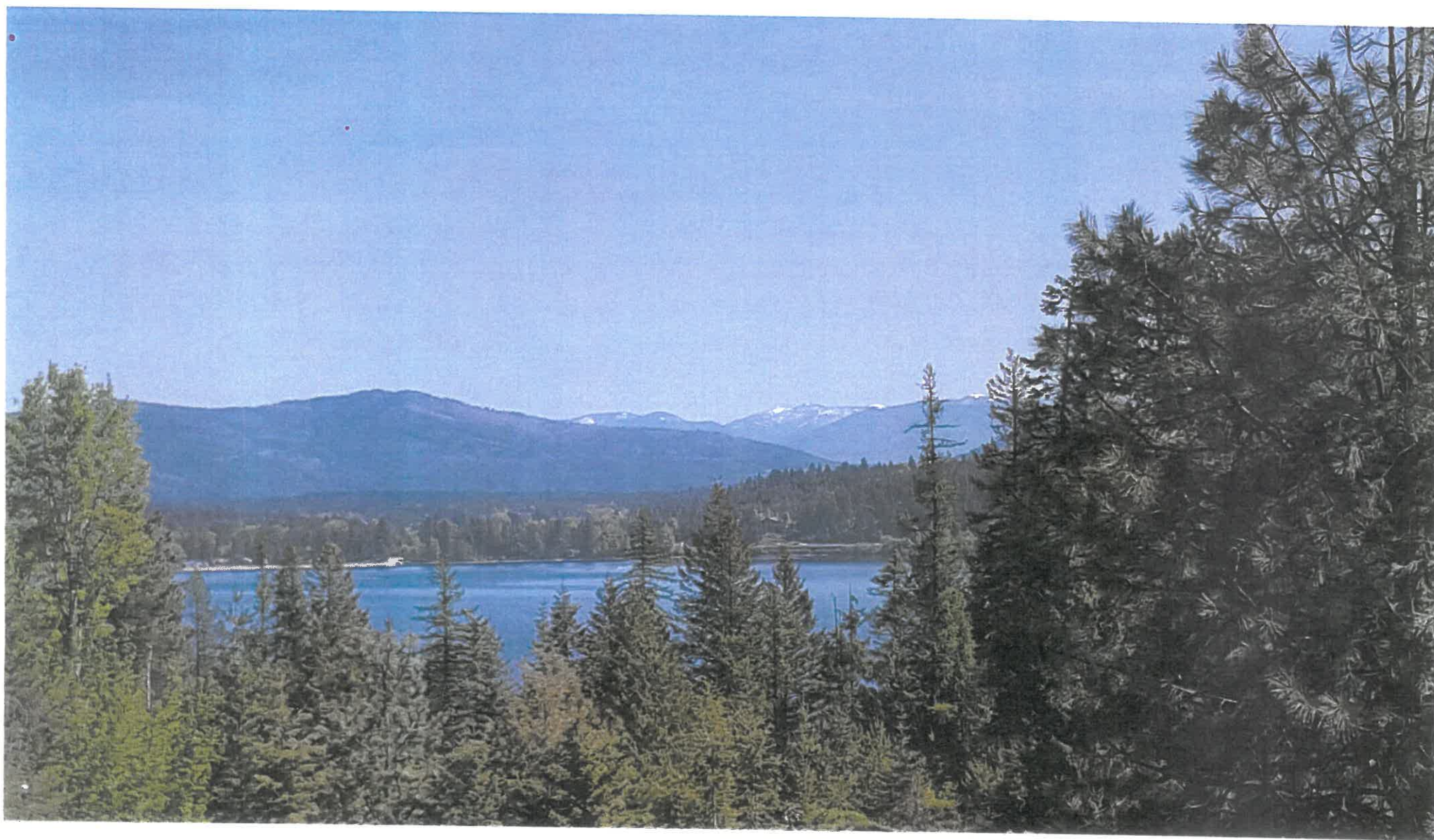
MICHAEL D. BENNETT

USER:







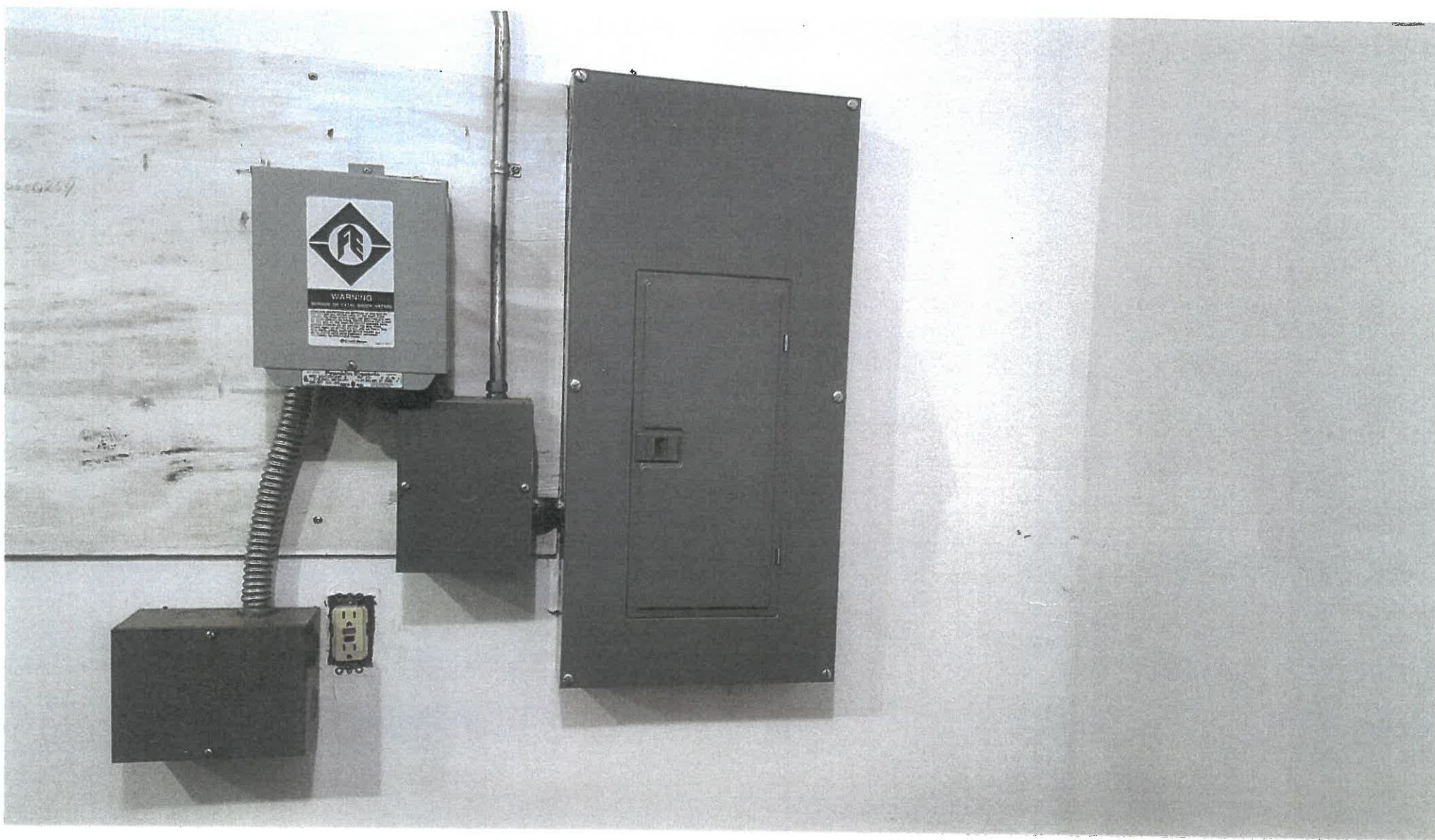














State of Idaho

DEPARTMENT OF WATER RESOURCES

Northern Region • 7600 N MINERAL DR STE 100 • COEUR D'ALENE, ID 83815-7763
Phone: (208)762-2800 • Fax: (208)769-2819 • Website: www.idwr.idaho.gov

Brad Little
Governor

Gary Spackman
Director

June 08, 2021

ARROWHEAD RANCH WATER ASSOCIATION INC
PO BOX 1276
SANDPOINT ID 83864-0862

Re: Change in Ownership for Water Right No(s): 96-9579

Dear Water Right Holder(s):

The Department of Water Resources (Department) acknowledges the receipt of correspondence changing ownership of the above referenced water right(s) to you. The Department has modified its records and has enclosed a computer-generated report for you.

Updating the ownership record for a water right does not reconfirm the validity of the right. When processing a Notice of Change in Water Right Ownership, the Department does not review the history of water use to determine if the right has been forfeited or deliberately abandoned through five years or more of non-use. To read more about water right forfeiture, including how to protect a water right from forfeiture, please see Idaho Code §§ 42-222 and 42-223.

Please note, water right owners are required to report any change of water right ownership and any change of mailing address to the Department within 120 days of the change. Reporting forms are available from any office of the Department, or from the Department's website.

If you have any questions concerning the enclosed information, please contact me at (208) 762-2813.

Sincerely,

A handwritten signature in blue ink that reads "Natalie Steading".

Natalie Steading
Tech Records Specialist 1

Enclosure(s)