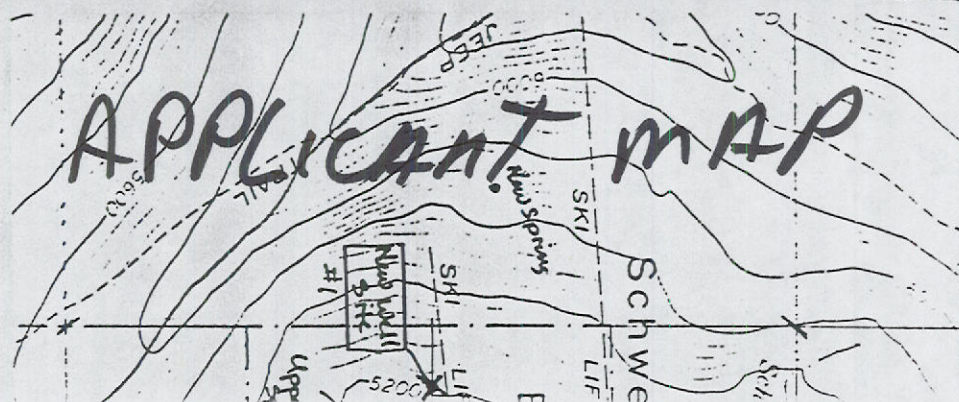
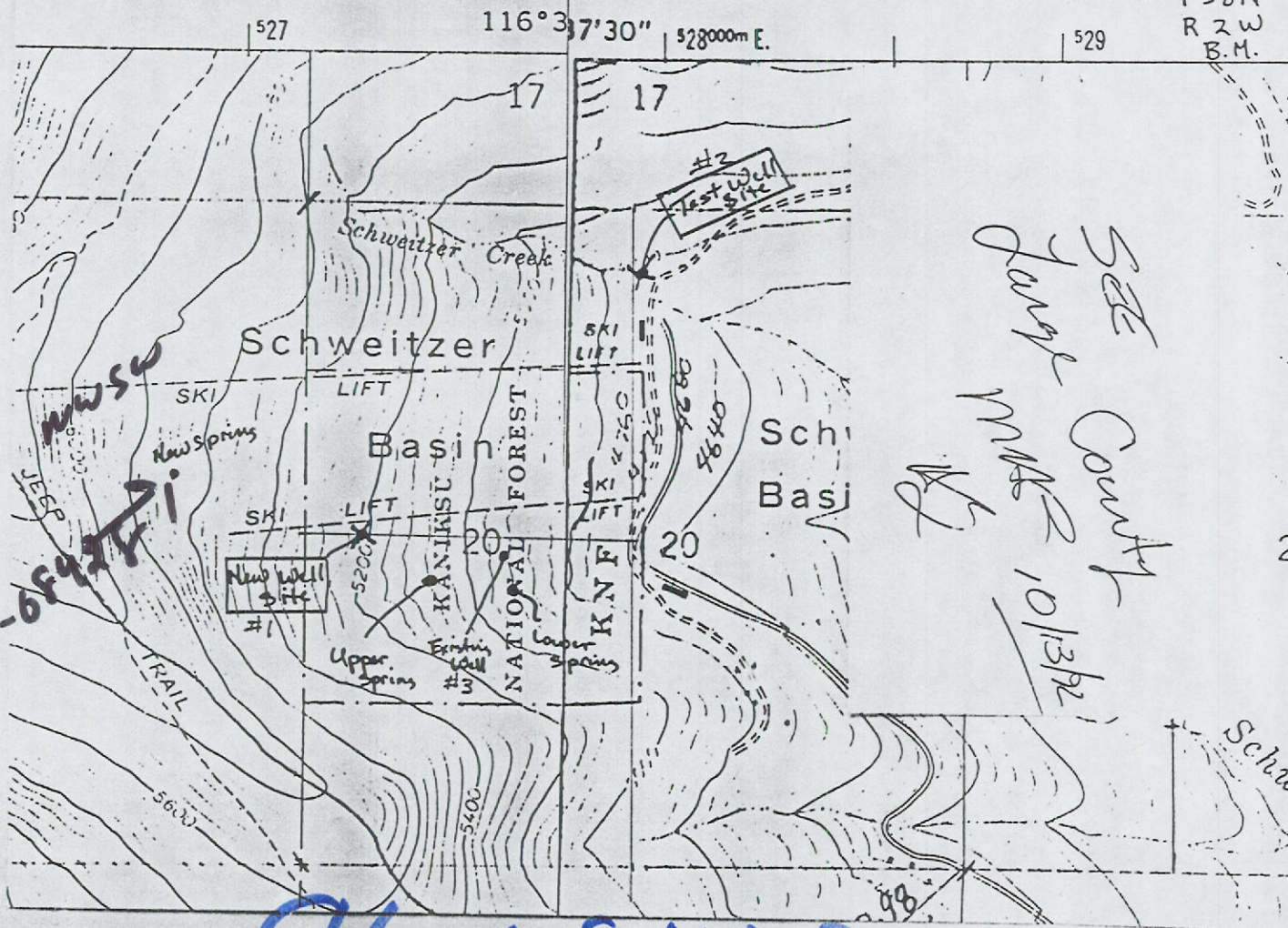


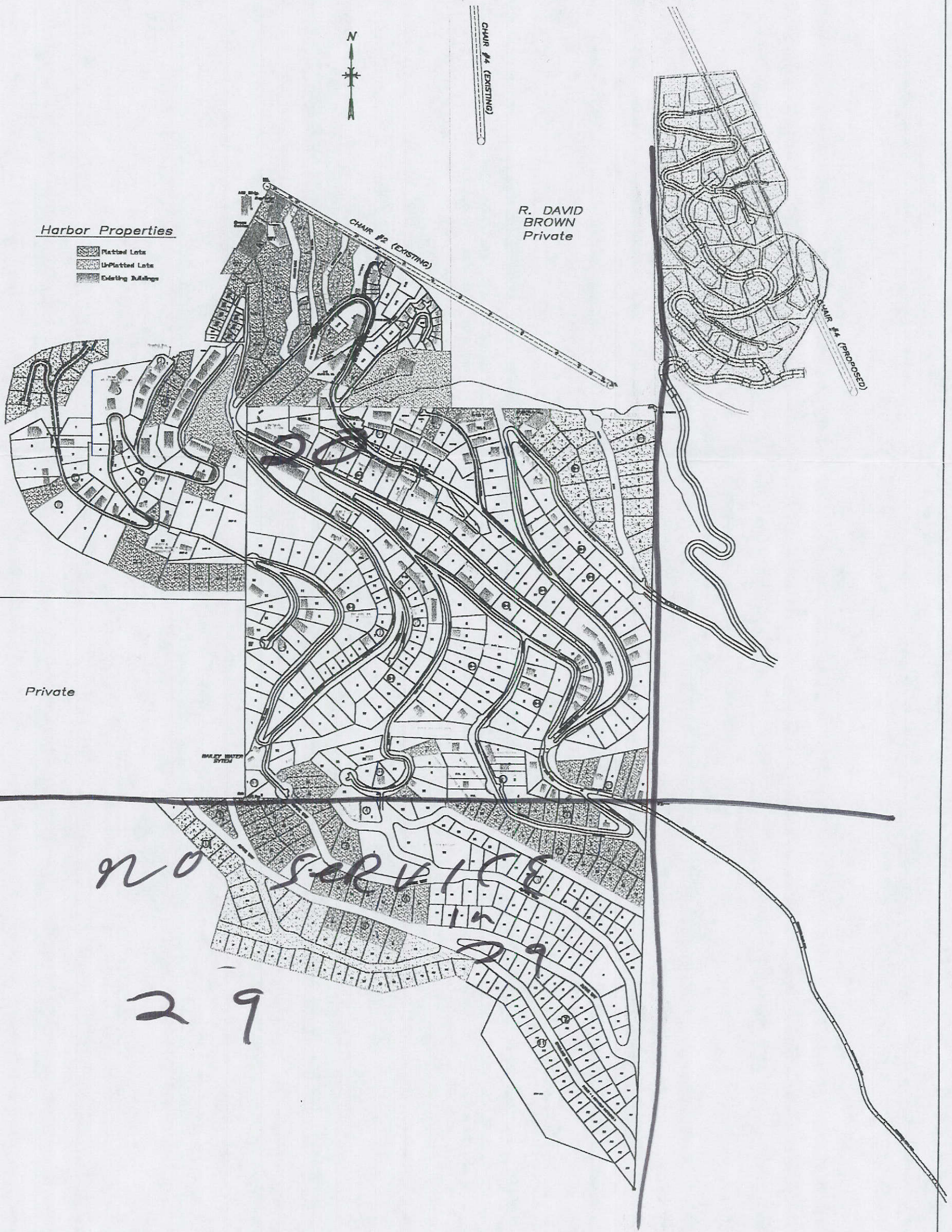
FORK GAP QUADRANGLE
IDAHO-BONNER CO.
TE SERIES (TOPOGRAPHIC)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



FORK GAP QUADRANGLE
IDAHO-BONNER COUNTY
TE SERIES (TOPOGRAPHIC)

SCHWEITZER MOUNTAIN RESORT



STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
ASSIGNMENT OF PERMIT

RECEIVED

DEC 14 1998

Department of Water Resources

I, Recreations Utility Company, Inc., hereby assign to Resort Water Co., Inc.
of, *(see below) (612) 973-1195
(Full Address) (Phone)

All my right, title, and interest in and to Permit No. 96-08428 to appropriate the public waters of the State of Idaho.

Or, (for partial assignments)

The following described portion of my right, title, and interest in and to Permit No. _____ to appropriate the public waters of the State of Idaho. (Describe portion of the permit assigned listing the number of acres in each 40 acre subdivision, point of diversion location, and the amount of water in cubic feet per second.)

Made this _____ day of _____, 19____.

Ford Elsaesser

Permit Holder **(see below)

State of Idaho)

County of Ada) ss

On this 8th day of December, 1998, personally appeared before me the signer(s) of the above instrument, who duly acknowledged to me that he (she) (they) executed the same.

Kenneth R. Gilbert

Notary Public residing at

seal

Boise Idaho

My commission expires: 9-30-2001

MICROFILMED

JAN 11 1999

* Address: U.S. Bank Place - MPFP2516
601 Second Ave. South
Minneapolis, MN 55402-4302

** Permit Holder: Ford Elsaesser as Receiver for Schweitzer, Inc., Pack River Ltd. Co., Pack River Management Company, and Recreations Utility Company, Inc. and as Disbursing and Disposition Agent under the Chapter 11 Plan.

BEFORE THE DEPARTMENT OF WATER RESOURCES
OF THE
STATE OF IDAHO

IN THE MATTER OF PERMIT NO. 96-08428)
IN THE NAME OF RECREATIONS' UTILITY CO.)
INC.)
_____)

**ORDER OF
REINSTATEMENT**

This matter having come before the Idaho Department of Water Resources (Department) the Department makes the following FINDINGS OF FACT, CONCLUSIONS OF LAW and ORDER:

FINDINGS OF FACT

1. On June 1, 1984, the Department issued Permit No. 96-08428 in the name of Recreations' Utility Co. Inc. (permit holder) with a condition of approval that proof of construction of works and application of water to beneficial use be submitted on or before June 1, 1990. The proof due date was later extended to June 1, 1991.
2. On March 31, 1991, the Department sent a proof due notice to the permit holder by certified mail stating that proof was due, and instructed the permit holder of the steps to be taken to submit the proof of beneficial use.
3. On June 7, 1991, the Department sent a lapse notice to the permit holder at an updated address since the Department had not received an acceptable proof of beneficial use statement or extension of time request.
4. Section 42-218a.2., Idaho Code, authorizes the Department to reinstate a lapsed permit, with the priority date advanced to the date that proof of beneficial use was received, upon submittal of evidence clearly establishing the extent of beneficial use prior to the proof due date and a showing of reasonable cause why the proof was submitted late.
5. On November 24, 1997, the permit holder submitted a proof of beneficial use statement along with a license examination fee of \$100.00.

MICROFILMED

JAN 11 1999

6. In a memorandum to Water Right File No. 96-08413, L. Glen Saxton recommends the permit be reinstated since the Department may have not mailed the proof due notice to the correct address.

CONCLUSIONS OF LAW

1. The permit holder has submitted proof of beneficial use along with supporting evidence which establishes that water was in fact beneficially used within the authorized development period.

2. The permit holder has shown sufficient cause why the proof of beneficial use was not submitted in a timely manner.

3. The department should reinstate the permit with the date of priority advanced to the date proof of beneficial use and supporting information was received by the Department.

ORDER

IT IS HEREBY ORDERED that Permit No. 96-08428 is **REINSTATED**.

IT IS FURTHER ORDERED that the priority date is advanced to November 24, 1997.

IT IS FURTHER ORDERED that reinstatement of this permit does not authorize any additional development by the permit holder.

Dated this 4th day of December, 1998.



L. GLEN SAXTON, Chief
Water Allocation Bureau

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

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DEC 01 1997

PROOF OF BENEFICIAL USE

Department of Water Resources

The Idaho Department of Water Resources considers this form a statement that the permit holder(s) has/have completed all development that will occur under this permit and that water has been applied according to the provisions of the permit for the beneficial use(s) described below. This form must be accompanied by a license examination fee, when necessary, or be accompanied by a completed field examination report prepared by a certified water right examiner who has been appointed by the department.

1. Permit No. 96-08428 Telephone No. (208) 263-3331

2. Name(s) of Permit Holder(s): Recreations' Utility Co., Inc. (REC "U")

3. Mailing Address: P.O. Box 1921, Sandpoint, Id. 83864

4. Source of Water: SPRING If GROUNDWATER (well), Date Drilled: mo. N/A / yr. N/A

a. Well Driller: N/A Drilling Permit Number: - - - - -

b. **OPTIONAL:**
Pump Horsepower: Pressure (psi): Dynamic pumping level (ft):

5. Use(s) (as authorized by the water right permit):

Domestic (No. of households): 1400 Stockwater (No. and type of stock):

Irrigation (No. of acres): Other: Commercial

6. Total rate of diversion and/or volume for which proof is submitted: .5 cfs OR acre feet

7. Measuring Device Requirement: (refer to the approval conditions on your permit and respond accordingly)
(This question is not optional. Please check either yes or no. Proofs returned not checked accordingly, will be considered incomplete)

Measuring Device: Is a measuring device required? Yes or No
Has the measuring device been installed? Yes X or No

Flow Measurement Port: Is a flow measurement port required? Yes or No
Has the measurement port been installed? Yes X or No

8. Fee Enclosed: \$ 100.00 (See Fee Schedule on back of the instructions for filing proof of beneficial use)

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

Name: Bob Hansen Telephone Number: (208) 263-3331

Address: P.O. Box 1921, Sandpoint, Id. 83864

10. The information given on this form is my true statement of the extent to which the above numbered permit has been developed and I relinquish any undeveloped portion of the permit to the State of Idaho.

Signature of permit holder: [Signature] Op. Mgr. Date: Nov. 21, 1997
(include your title, if on behalf of company or organization)

MICROFILMED
JAN 1 1998

Form 204
4/86

RECEIVED
MAY 16 1990

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

REQUEST FOR EXTENSION OF TIME

Department of Water Resources

To provide additional time in which to submit proof
of beneficial use for a water right permit

For Office Use Only
\$15 FEE Received by L. J. Jansen
Date 5/15/90
Receipt # C. 013865

The Idaho Department of Water Resources will consider this form as a request that the permit holder(s) be granted an additional period of time in which to complete development of a water right under the provisions of Section 42-204, Idaho Code.

Permit No. 96-08428

Name(s) of Permit Holder: Recreations' Utility Co. Inc.

Post Office Address: 218 Cedar - Sandpoint, ID 83864

Telephone No. (208) 263-3184

Date Proof is Due: June 1, 1990

Describe what work has been completed toward the development of this water right:
(This must be filled out! If no work has been completed, show "none".)

An 18 foot casing has been placed. Approximately 50 gallons/minute is pumped to a
10,000 gallon reservoir.

Costing \$ 7,000

The permit holder(s) has been unable to complete the remainder of the work for the following reasons:

The present location needs to be relocated to meet DEQ requirements and system expanded
to meet present village plans.

Permit holder(s) request an extension to June 1, 1991
(1 yr. minimum)

Barbara Jansen President
(Signature)*

*IF OTHER THAN PERMIT HOLDER,
POWER OF ATTORNEY MUST BE SUPPLIED.

FEE: \$15.00

ACTION OF THE DEPARTMENT OF WATER RESOURCES

IT IS HEREBY ORDERED that the above request for extension of time be APPROVED and the time within which to submit proof of beneficial use is extended to June 1, 1991.

Signed this 4th day of June, 1990.

J. M. Saylor
Chief, Water Allocation Bureau

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
APPLICATION FOR PERMIT

APPROVED

To appropriate the public waters of the State of Idaho

1. Name of applicant Recreations' Utility Company Inc. Phone 208/263-3184
Post office address P. O. Box 993, Sandpoint, Idaho 83864
2. Source of water supply spring which is a tributary of Schweitzer Creek
3. Location of point of diversion is NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 20 Township 58N
Range 2W B.M. Bonner County, additional points of diversion if any: N/A

4. Water will be used for the following purposes:

Amount 0.5 cfs for domestic and commercial purposes from Jan. 1 to Dec. 31 (both dates inclusive)
(cfs or acre-feet per annum)

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

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

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

5. Total quantity to be appropriated:

a. 0.5 cubic feet per second and/or b. N/A acre-feet per annum.

6. Proposed diverting works:

- a. Description of ditches, flumes, pumps, headgates, etc. low head dam with a screened 24" valved delivery line with cleanout. This system ties into the existing 10,000 gallon reservoir.
- b. Height of storage dam 1.5 feet, active reservoir capacity 0.0002 acre-feet; total reservoir capacity existing 0.03 acre-feet, materials used in storage dam: steel treated 10,000 gallon tank
Period of year when water will be diverted to storage Jan. 1 to Dec. 31 inclusive.
(Month/Day) (Month/Day)
- c. Proposed well diameter is - inches; proposed depth of well is - feet.

7. Time required for the completion of the works and application of the water to the proposed beneficial use is 5 years (minimum 1 year - maximum 5 years).

8. Description of proposed uses:

- a. If water is not for irrigation: N $\frac{1}{2}$ Sec. 29; Sec. 20 (less SE $\frac{1}{4}$); Sec. 21; S $\frac{1}{2}$ Sec. 17
(1) Give the place of use of water: _____ $\frac{1}{4}$ of _____ $\frac{1}{4}$ of Section _____ Township 58N
Range 2W B.M.
- (2) Amount of power to be generated: _____ horsepower under _____ feet of head.
- (3) List number of each kind of livestock to be watered _____
- (4) Name of municipality to be served lots not covered in previous permits, or number of families to be supplied with domestic water 1,400+ commercial hookups.
- (5) If water is to be used for other purposes describe: _____

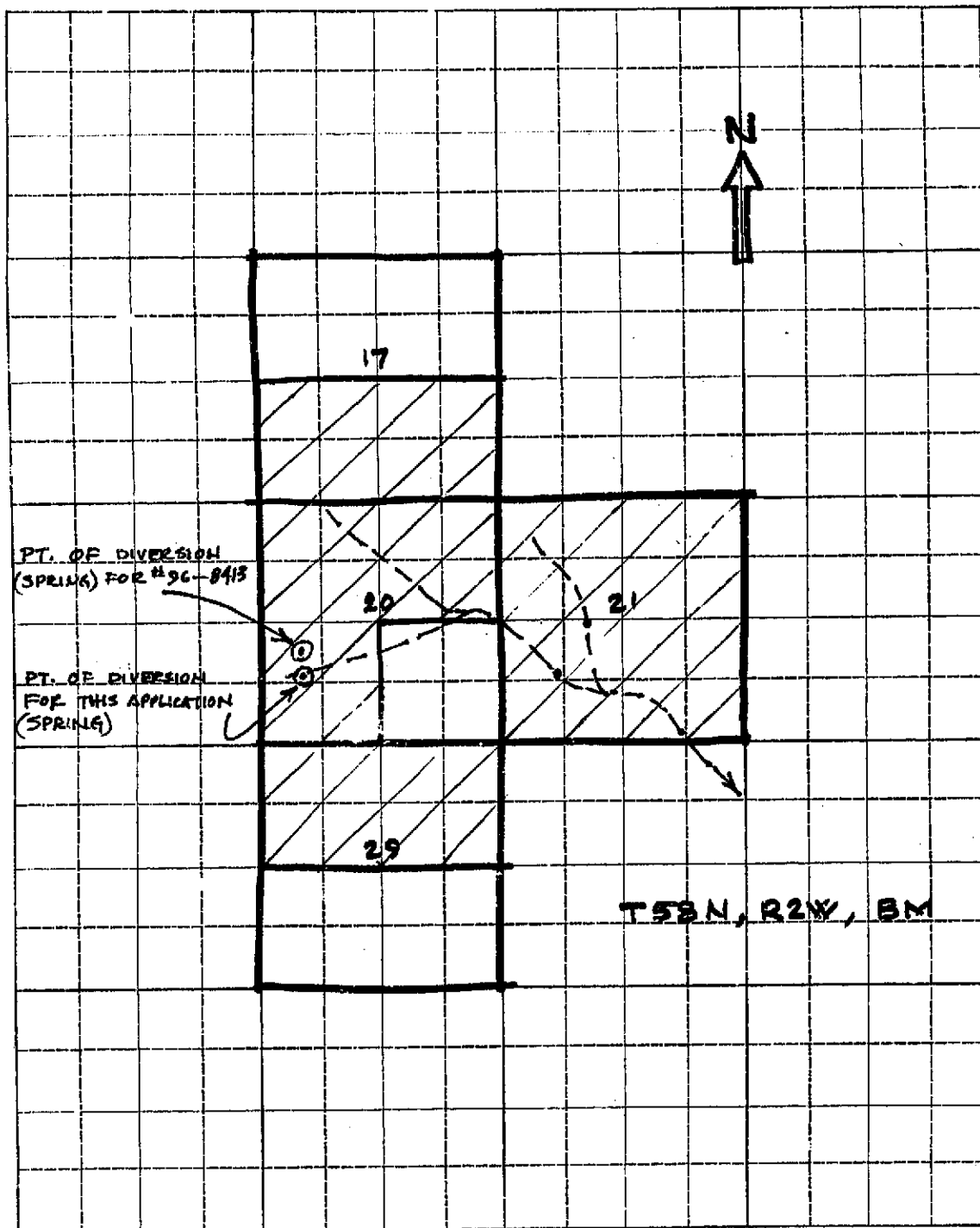
[illegible]

c. Describe any other water rights used for the same purposes as described above. Permit #96-7032
Groesbeck & Fowler (200 lots, SE 1/4 Sec 20, T58N, R2W), #96-7775 & #96-8413 (Recreations'
Utility Company Inc.) & pending permits filed 2-11-85 & 4-9-85 by Recreations' Utility
Company Inc.

applicant to make this filing. It is the intention of Pack River Management Company to use Recreations' Utility Company, Inc. wholly owned by Pack River Management Company, to operate the water system within the areas as described in Item #8 above. This intention also applies to previous Recreations' Utility Company permits #96-7775 and #96-8413 and pending permits filed on 2-11-85 and 4-9-85 by Recreations' Utility Company Inc.

10. Remarks This permit is requested to provide domestic water to existing and proposed recreational living units in the vicinity of Schweitzer Basin Ski Area. This source of water will not provide redundant service to any parcels included under existing permits. The proposed permit is for essentially a non consumptive use as far as its down stream impact. Virtually 100% of the water will be returned to the Schweitzer Creek drainage after tertiary treatment in the existing sewage treatment plant and subsurface land irrigation. This permit will augment the existing system built under permit #96-7775, #96-8413 and pending permits filed 2-11-85 and 4-9-85. This water right will not be used for irrigation.

11. Map of proposed project: show clearly the proposed point of diversion, place of use, section number, township and range number.



Scale: 2 inches equal 1 mile.

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.

RECREATIONS' UTILITY COMPANY, INC.

By:

Pierre Huguenin
(Applicant)
Pierre Huguenin, Vice President

Proposed Priority

Received by JK Date 4/23/85 Time 7:00
Preliminary check by JK Fee \$ 45.00
Received by JK Date 4/23/85 (31764)
Publication prepared by KK Date 4/25/85
Published in Sageant Bee
Publication dates 5/1 & 5/8/85
Publication approved JK Date 6/4/85
Protests filed by: NONE

Copies of protests forwarded by _____
Hearing held by _____ Date _____
Recommended for approval denial by RWA KW

ACTION OF THE DIRECTOR, DEPARTMENT OF WATER RESOURCES

This is to certify that I have examined Application for Permit to appropriate the public waters of the State of Idaho No. 96-8428, and said application is hereby APPROVED

Approval of said application is subject to the following limitations and conditions:
1. SUBJECT TO ALL PRIOR WATER RIGHTS.

b. Proof of construction of works and application of water to beneficial use shall be submitted on or before June 1, 19 90

c. The rate of diversion, if water is to be used for irrigation under this permit, when combined with all other water rights for the same land shall not exceed 0.02 cubic feet per second for each acre of land.

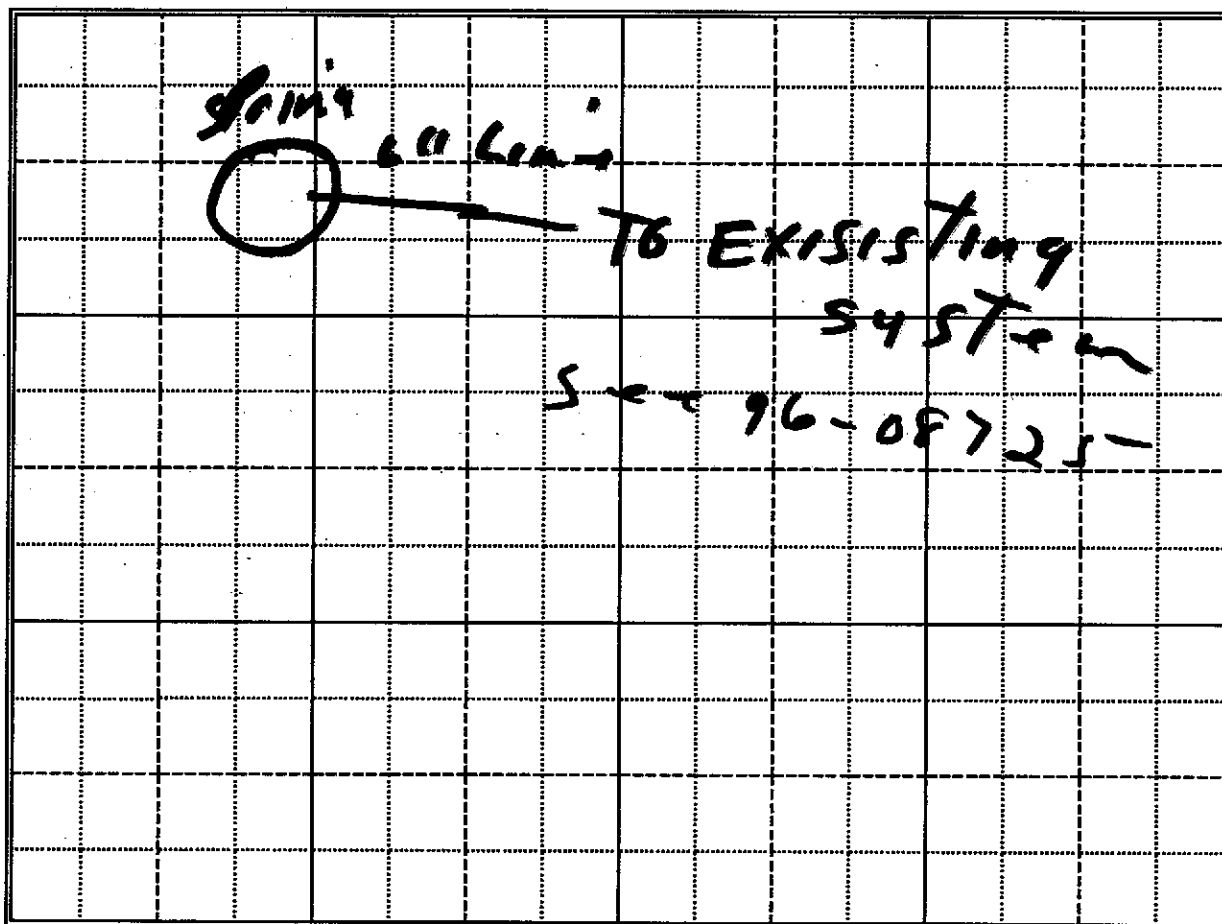
d. Other: Permit holder shall commence the excavation or construction of diverting works within one year of the date this permit is issued and shall proceed diligently until the project is complete.
The issuance of this permit in no way grants any right-of-way or easement across the land of another.

Witness my hand this 19th day of June, 1985.

J. Murphy Saylor
Chief, Operations Bureau

[illegible]

3. **Delivery System Diagram:** Indicate all major components and distances between components. Indicate weir size/ditch size/pipe I.d. as applicable.



Scale: 1" = _____

____ Copy of USGS Quadrangle Attached Showing location(s) of point(s) of diversion and place(s) of use (required).

____ Aerial Photo Attached (required for irrigation of 10+ acres)

____ Photo of Diversion and System Attached

4.

Well or Diversion Identification No.*	Motor Make	Hp	Motor Serial No.	Pump Make	Pump Serial No. or Discharge Size

*Code to correspond with No. on map and aerial photo

D. FLOW MEASUREMENTS

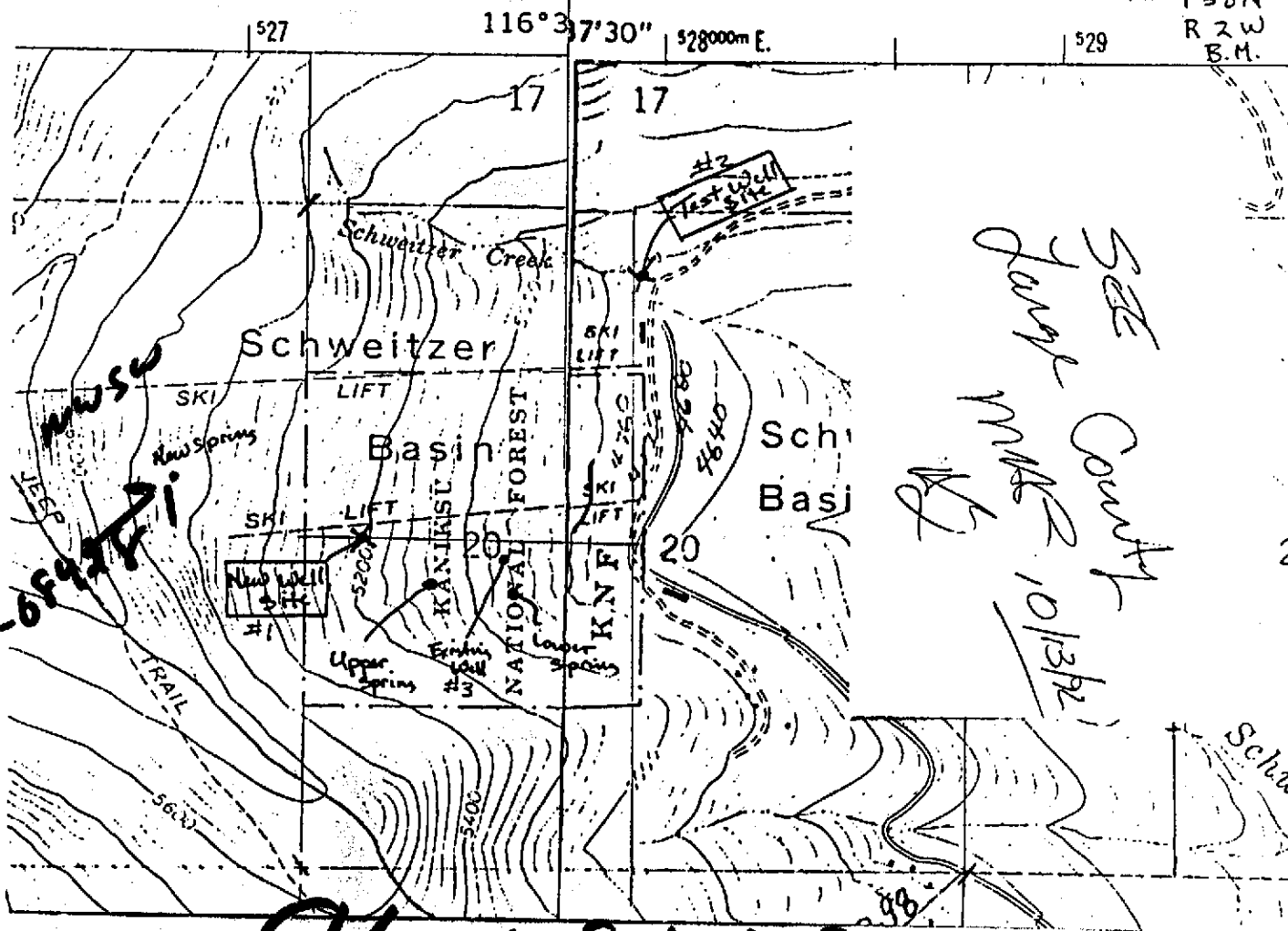
1.

Measurement Equipment	Type	Make	Model No.	Serial No.	Size	Calib. Date

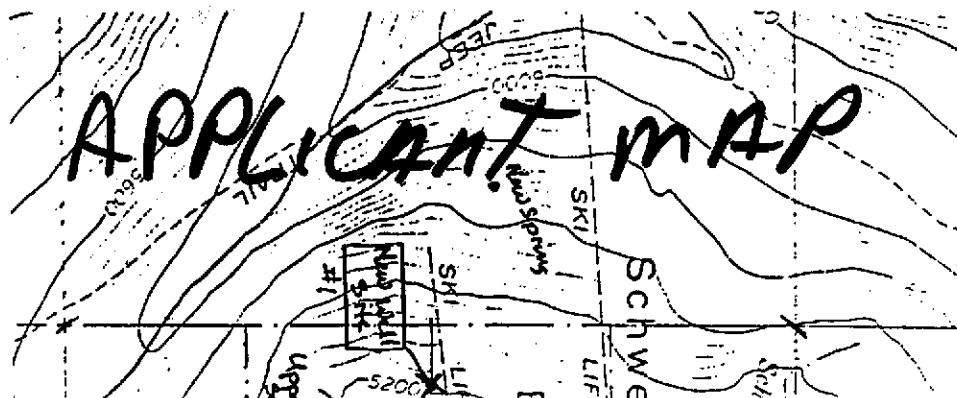
2. Measurements: _____

FORK GAP QUADRANGLE
IDAHO-BONNER CO.
TE SERIES (TOPOGRAPHIC)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

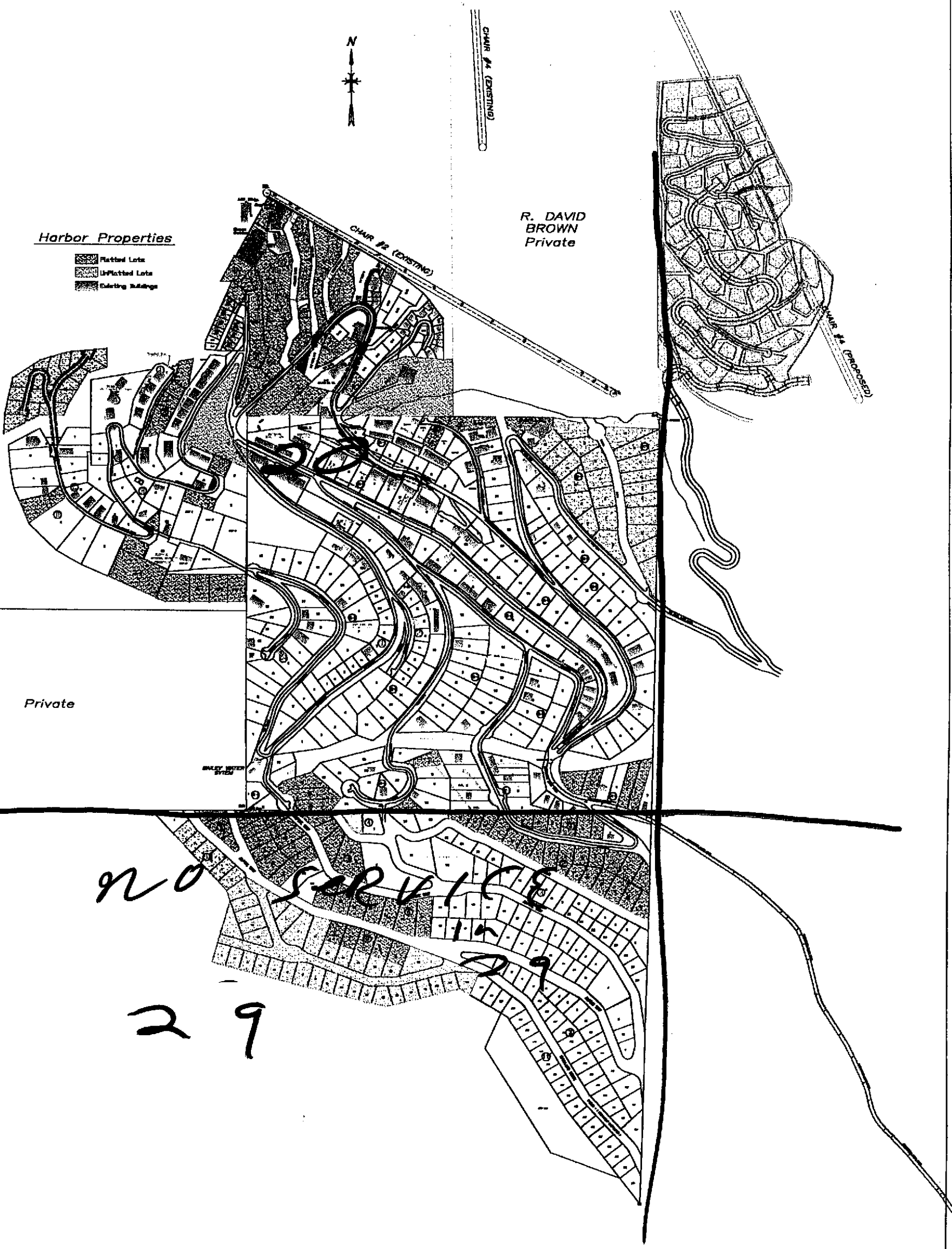


96-08425



FORK GAP QUAT
IDAHO-BONNER CC
TE SERIES (TOPOC

SCHWEITZER MOUNTAIN RESORT



E. NARRATIVE/REMARKS/COMMENTS

Commercial use is for hotel, bar & restaurant
197 condos is domestic

This is a supplement to existing
system see 96-08725

Have conditions of permit approval been met? ☒ yes ☐ no

F. FLOW CALCULATIONS

Measured Method:

Additional Computation Sheets Attached

75 gpm Taken from water measurement study

$$\frac{75 \times 1.33681}{60} = 0.17$$

G. VOLUME CALCULATIONS

1. Volume Calculations for Irrigation:

$V_{I.R.} = (\text{Acres Irrigated}) \times (\text{Irrigation Requirement}) =$ _____

$V_{D.R.} = [\text{Diversion Rate (cfs)}] \times (\text{Days in Irrigation Season}) \times 1.9835 =$ _____

$V = \text{Smaller of } V_{I.R.} \text{ and } V_{D.R.} =$ _____

2. Volume Calculations for Other Uses: Hotel 41 Rooms 60 gpd x 41 rooms x 365 = 2.8 AF
 197 Condos @ 1180.2 AF
 Restaurant & bar 12 gpc x 200 x 365 = 2.7 AF

H. RECOMMENDATIONS

1. Recommended Amounts

Beneficial Use	Period of Use		Rate of Diversion Q (cfs)	Annual Volume V (afa)
	From	To		
Commercial	01-01	12-31	0.17	50.5
Domestic	01-01	12-31	0.17	1180.2

Totals: 0.17 1230.7

when combined with 96-08725
 not to exceed these figures

2. Recommended Amendments

___ Change P.D. as reflected above ___ Add P.D. as reflected above ___ None
 ___ Change P.U. as reflected above ___ Add P.U. as reflected above ___ Other

I. AUTHENTICATION

Field Examiner's Name Wayne Saldivar Date 10-12-00

Reviewer _____ Date _____

SEAL

HOLLAND & HART^{LLP}
ATTORNEYS AT LAW

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DEC 14 1998

DENVER • ASPEN
BOULDER • COLORADO SPRINGS
DENVER TECH CENTER
BILLINGS • BOISE
CHEYENNE • JACKSON HOLE
SALT LAKE CITY

SUITE 1400
101 SOUTH CAPITOL BOULEVARD
BOISE, IDAHO 83702-7714
MAILING ADDRESS
P.O. BOX 2527
BOISE, IDAHO 83701-2527

Department of Water Resources
TELEPHONE (208) 342-5000
FACSIMILE (208) 343-8869

KELLIE R. GILBERT
PARALEGAL
kgilbert@hollandhart.com

December 9, 1998

Julie Yarbrough
Idaho Department of Water Resources
1301 N. Orchard Street
Boise, Idaho 83706

RE: Resort Water Co., Inc.

Dear Julie:

Holland & Hart represents Resort Water Co., Inc. As I explained to you during a telephone conference last week:

A. Ford Elsaesser was appointed and continues to serve as Receiver for Schweitzer, Inc. (a/k/a Schweitzer Mountain Resort) ("Schweitzer"), Pack River Ltd. Co. ("PRLC"), and Recreations' Utility ("Rec U") in a receivership action pending in the United States District Court for the District of Idaho (the "Receivership Court") captioned U.S. Bank of Washington, National Association v. Pack River Ltd. Co. et al., Case No. CV 96-178-N-EJL (the "Receivership Action") (pursuant to your instructions, I have enclosed herewith a copy of the Order Appointing Receiver and labeled it **Exhibit A**).

B. Schweitzer is the debtor in a Chapter 11 proceeding pending in the United States Bankruptcy Court for the District of Idaho (the "Bankruptcy Court"), In re Schweitzer, Inc., d/b/a Schweitzer Mountain Resort, No. 9720916, and PRLC, which is an affiliate of Schweitzer and a successor to Pack River Management Company, which is the debtor in a companion Chapter 11 proceeding pending in the Bankruptcy Court, In re Pack River Limited Company, No. 9720917 (collectively, the "Chapter 11"). Rec U is wholly-owned by PRLC.

C. By Order dated and filed in the Chapter 11 on October 5, 1998, the Bankruptcy Court confirmed the First Amended Plan of Reorganization submitted by the Unsecured Creditors Committee, together with the Supplement, and the Second and Third Supplements thereto (collectively, the "Plan"), which provides for the sale of Schweitzer and PRLC's assets by Ford Elsaesser.

D. By Order dated and filed in the Receivership Action on October 29, 1998, the Receivership Court, among other things, authorized Ford Elsaesser to sell Schweitzer and PRLC's assets in accordance with the Plan.

E. By Order dated and filed in the Chapter 11 on December 8, 1998, the Bankruptcy Court confirmed the sale of Schweitzer's and PRLC's assets to Resort Water Co.,

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DEC 14 1998

Department of Water Resources

Idaho Department of Water Resources

December 9, 1998

Page 2

Inc. (pursuant to your instructions, I have enclosed herewith a copy of the Order Approving Sale of Assets in Accordance with First Amended Plan of Reorganization of Unsecured Creditors' Committee and labeled it **Exhibit B**).

F. Ford Elsaesser, having complied in all respects with the Plan and the Court Orders identified above, offered and sold to Resort Water Co., Inc. certain of Schweitzer's and PRLC's assets.

Ford Elsaesser now wishes to assign all right, title, and interest in and to Permits 96-08428, 96-08413, 96-07841, and 96-08725, as evidenced by his signature on the Assignment of Permit forms we are submitting with this letter.. Holland & Hart hereby requests that these permits be transferred as of this date to Resort Water Co., Inc., a Minnesota corporation, having an office and principal place of business at 601 Second Avenue South, MPFP2518, Minneapolis, Minnesota 55402. Confirmation of the permit transfers should be sent to me here at Holland & Hart.

Please call me if you have any questions, comments, or concerns about these transfers.

Very truly yours,



Kellie R. Gilbert
Paralegal

Enclosures
BOISE:0098844.01

14 1998

U.S. of Water Resources

U.S. COURTS

95 NOV -1 AM 11:40

REC'D FILED
CAMERON S. BURKE
CLERK IDAHO

UNITED STATES DISTRICT COURT
DISTRICT OF IDAHO

U. S. BANK OF WASHINGTON,
NATIONAL ASSOCIATION, a
national banking association,

Plaintiff,

v.

PACK RIVER LTD. CO., an Idaho
limited liability company; PACK
RIVER MANAGEMENT COMPANY, a
general partnership;
SCHWEITZER, INC., an Idaho
corporation; PACK RIVER
INVESTMENT COMPANY, a general
partnership; RECREATIONS'
UTILITY COMPANY, INC., an Idaho
corporation; RESORT
DEVELOPMENT, INC., an Idaho
corporation; BARBARA HUGUENIN;
JEAN O. BROWN; PATRICIA POWELL;
JOSEPHINE H. BOPP; and
JACQUELINE GRAN;

Defendants.

Civil No.

STIPULATION AND ORDER
APPOINTING RECEIVER

CIV 96-0478-N-EJL

EXHIBIT

A

STIPULATION

The parties hereby stipulate that on the plaintiff's
petition Ford Elsaesser may be appointed receiver in the

STIPULATION AND ORDER APPOINTING RECEIVER - 1

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DEC 14 1998

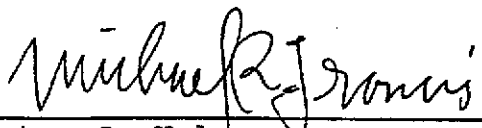
Department of Water Resources

above-entitled case pursuant to 28 U.S.C. § 754, 958, 959, and
960; Fed. R. Civ. P. 66; the Local Rules of the United States
District Court for the District of Idaho, on the terms set forth
in the order below.

DATED this 31st day of October, 1996.

MILLER, NASH, WIENER, HAGER &
CARLSEN LLP

PAINE, HAMBLIN, COFFIN,
BROOKE & MILLER, LLP

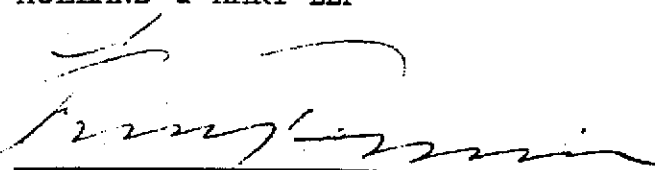

Peter S. Holmes
WSBA #15787
Michael R. Francis
WSBA #18032

Peter Erbland
ISBA #
Shaun Cross
WSBA #9469
John T. Powers, Jr.
WSBA #14629

Attorneys for Plaintiff
U. S. Bank of Washington,
National Association

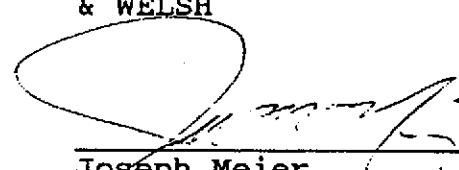
Attorneys for Defendants
Pack River Ltd. Co., Pack
River Management Company,
Recreations' Utility
Company, Inc., Barbara
Huguenin, Jean O. Brown,
Patricia Powell,
Josephine H. Bopp, and
Jacqueline Gran

HOLLAND & HART LLP


Larry E. Prince
ISBA #1759

Attorneys for Plaintiff
U. S. Bank of Washington,
National Association

COSHO, HUMPHREY, GREENER
& WELSH


Joseph Meier
ISBA # 314

Attorneys for Ford
Elsaesser in his capacity
as Receiver

STIPULATION AND ORDER APPOINTING RECEIVER - 2

1 above-entitled case pursuant to 28 U.S.C. § 754, 958, 959, and
2 960; Fed. R. Civ. P. 66; the Local Rules of the United States
3 District Court for the District of Idaho, on the terms set forth
4 in the order below.

5 DATED this _____ day of October, 1996.

6 MILLER, NASH, WIENER, HAGER &
7 CARLSEN LLP

PAINE, HAMBLIN, COFFIN,
BROOKE & MILLER, LLP

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DEC 14 1998

Department of Water Resources

8
9 Peter S. Holmes
10 WSBA #15787
11 Michael R. Francis
12 WSBA #18032

13 Attorneys for Plaintiff
14 U. S. Bank of Washington,
15 National Association

16
17 HOLLAND & HART LLP

18 Larry E. Prince
19 ISBA #1759

20 Attorneys for Plaintiff
21 U. S. Bank of Washington,
22 National Association

by Michael R. Francis for
Peter Erbland
ISBA #
Shaun Cross
WSBA #9469
John T. Powers, Jr.
WSBA #14629

Attorneys for Defendants
Pack River Ltd. Co., Pack
River Management Company,
Recreations' Utility
Company, Inc., Barbara
Huguenin, Jean O. Brown,
Patricia Powell,
Josephine H. Bopp, and
Jacqueline Gran
Schweitzer, Inc.

COSHO, HUMPHREY, GREENER
& WELSH

23 Joseph Meier
24 ISBA #

25 Attorneys for Ford
26 Elsaesser in his capacity
as Receiver

STIPULATION AND ORDER APPOINTING RECEIVER - 2

MILLER, NASH, WIENER,
HAGER & CARLSEN LLP
ATTORNEYS AND COUNSELORS AT LAW
TELEPHONE (206) 612-2424
4400 TWO UNION SQUARE

601 UNION STREET, SEATTLE, WASHINGTON 98101-2332

ZHC076F8

P.3/15

08/11/98 11:00 AM 08/11/98 11:00 AM

DEC 14 1998

Department of Water Resources

ORDER

The court has reviewed the above-joined stipulation.

Now, therefore, it is HEREBY ORDERED that:

I. APPOINTMENT; BOND

1. This receivership ("Receivership") is initiated in response to the complaint for judgment on promissory notes and guarantees, for decrees of foreclosure and for appointment of receiver ("Complaint") filed by U. S. Bank of Washington, National Association ("U. S. Bank"), on October 31, 1996. The Receivership is hereby created with the consent of defendants Schweitzer, Inc., Pack River Ltd. Co., Pack River Management Company, Recreations' Utility Company, Inc., Barbara Huguenin, Jean O. Brown, Patricia Powell, Josephine H. Bopp, and Jacqueline Gran upon the terms and conditions set forth herein.

2. Ford Elsaesser is appointed as receiver ("Receiver") for defendants Schweitzer, Inc., Pack River Ltd. Co., Pack River Management Company ("PRMC"), Schweitzer, Inc., and Recreations' Utility Company, Inc. ("Recreations") (together, "Schweitzer Mountain"). The Receiver shall be compensated in accordance with Exhibit 1, which is attached hereto. The Receiver and defendants Schweitzer, Inc., Pack River Ltd. Co., Pack River Management Company, Recreations' Utility Company, Inc., Barbara Huguenin, Jean O. Brown, Patricia Powell, Josephine H. Bopp, and Jacqueline Gran have executed the disclosures and agreement attached hereto as Exhibit 2.

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3. Although the Receiver has not been appointed receiver for defendants Resort Development, Inc., or Pack River Investment Company, this order is without prejudice to any motion by U. S. Bank for appointment of a receiver for those defendants.

4. U. S. Bank shall obtain a receivership bond for the Receiver in the amount of \$100,000.

5. Ford Elsaesser's appointment as Receiver shall extend for a period of one (1) year from the date of this Order, provided that the period of appointment shall be extended automatically for an additional period of one (1) year, unless U. S. Bank provides written notice to this court and all parties hereto of its intent not to extend the Receivership, which notice shall be provided to the court and all parties hereto no later than ninety (90) days prior to the first anniversary date of the entry of this Order.

6. In the event Ford Elsaesser is, at some future time, either unable or unwilling, for whatever reason, to continue to serve as Receiver, the parties hereto shall be afforded the opportunity to propose to the court a successor receiver acceptable to both U. S. Bank, on the one hand, and Schweitzer Mountain and the Guarantors (as defined below), on the other hand.

II. RECEIVER'S DUTIES

AND IT IS FURTHER ORDERED THAT:

1. Except as set forth in this Order, the Receiver may not expend any funds of Schweitzer Mountain or the

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1 Receivership except as allowed by the business plan ("Plan")
2 appended as Exhibit C to the sixth amendment to credit agreement
3 ("Sixth Amendment"), in turn attached hereto as Exhibit 3. The
4 Plan shall constitute the "Budget" through the earlier of (1) one
5 year from the date of this Order or (2) the date U. S. Bank
6 approves a budget for the period beyond the first anniversary of
7 this Order, in which case the budget approved by U. S. Bank shall
8 become the Budget.

9 2. Except as provided herein, the Receiver shall
10 manage, control, and operate the business and assets of
11 Schweitzer Mountain without intervention by the court. This
12 authority includes, without limitation, the authority to sell and
13 buy real and personal property in the ordinary course of
14 business, to incur and pay when due (to the extent they accrue
15 after the Receiver's appointment) all payroll, pension and profit
16 sharing contributions, local, state and federal taxes, license
17 fees, or assessments, trade payable in the ordinary course of
18 business, insurance premiums or deductibles, and such other
19 payments as the Receiver determines in good faith to be necessary
20 or beneficial to the continued operation of Schweitzer Mountain's
21 business and the preservation of its assets and business
22 opportunities. The Receiver may pay obligations of Schweitzer
23 Mountain that may have been incurred or accrued before the
24 Receiver's appointment only if and to the extent such payments
25 are allowed by the Plan, and the Receiver may pay payroll and
26 associated withholding taxes accrued before the Receiver's

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1 appointment. Notwithstanding anything herein to the contrary,
2 the Receiver may not take any action, including selling assets,
3 outside the ordinary course of business, without prior written
4 notice to the defendants and the approval of U. S. Bank and the
5 court as provided for herein.

6 3. The Receiver, or such other person(s) as he shall
7 designate in writing, shall negotiate the price, terms,
8 conditions, and covenants of any sale, lease, or other
9 disposition of Schweitzer Mountain real or personal property free
10 and clear of all liens and encumbrances, whether in bulk, by lot,
11 or in any amount, and to issue any and all such notices, on
12 behalf of Schweitzer Mountain as the Receiver shall deem
13 appropriate. The Receiver shall be authorized to sell, lease or
14 dispose of Schweitzer Mountain's property free and clear of all
15 liens and encumbrances. The Receiver may not consummate any such
16 sale, lease, or other disposition outside the ordinary course of
17 business without the prior approval of U. S. Bank and the court.
18 Any non-ordinary course transactions will be subject to the
19 Receiver providing written notice to the defendants and all other
20 parties directly affected by such transaction and providing a
21 reasonable opportunity to come before the court and be heard.
22 The Receiver shall distribute the proceeds of all such asset
23 sales to the lien holders in accordance with and in order of
24 their legal priorities. The court may authorize the Receiver to
25 conduct a non-ordinary course sale, or other transaction
26 pertaining to Schweitzer Mountain's property similar in nature to

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1 a foreclosure sale without involving the U.S. Marshall or the
2 respective county sheriff. No party to this proceeding and/or
3 person that receives notice and an opportunity to be heard on any
4 proposed sale, distribution or any other application by the
5 Receiver shall be entitled to make any claim against the Receiver
6 or his bond once a final nonappealable order has been entered by
7 this court.

8 4. The Receiver shall provide to U. S. Bank and
9 Schweitzer Mountain's counsel a written summary of all
10 communications by or to Schweitzer Mountain or the Receiver
11 regarding potential sales of assets out of the ordinary course of
12 business.

13 5. The Receiver may borrow funds, and execute notes,
14 loan agreements, or other instruments on behalf of Schweitzer
15 Mountain and grant security interests or pledge such assets of
16 Schweitzer Mountain as the Receiver may deem necessary or
17 beneficial, after approval of U. S. Bank and the court; provided,
18 however, that all borrowing shall be from U. S. Bank, be deemed
19 to be by Schweitzer Mountain, and be secured by the security
20 interests and liens securing Schweitzer Mountain's indebtedness
21 to U. S. Bank.

22 6. To the best of his abilities, the Receiver shall
23 comply with and perform all obligations of Schweitzer Mountain as
24 set forth in (a) all loan documents between Schweitzer Mountain
25 and U. S. Bank (collectively "Loan Documents"), including but not
26 limited to the Sixth Amendment, and (b) section IV below.

STIPULATION AND ORDER APPOINTING RECEIVER - 7

ZH007628

MILLER, NASH, WIENER,
HAGER & CARLSEN LLP
ATTORNEYS AND COUNSELORS AT LAW
TELEPHONE (206) 622-4444
4400 TWO UNION SQUARES
601 UNION STREET, SEATTLE, WASHINGTON 98101-2552

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Department of Water Resources

1 7. The Receiver shall deliver to U. S. Bank's and
2 Schweitzer Mountain's counsel, on or before the last day of each
3 month, beginning with November 30, 1996, for the period
4 commencing with the date of the appointment of the Receiver and
5 ending October 31, 1997, a monthly statement of compliance,
6 certifying whether and to what extent Schweitzer Mountain and the
7 Receiver have complied with all Loan Documents between Schweitzer
8 Mountain and U. S. Bank and with this Order. The form of the
9 statement of compliance shall be attached hereto as Exhibit 4.

10 8. The Receiver shall prepare and deliver to
11 U. S. Bank an itemized list of all equipment of Schweitzer
12 Mountain.

13 9. The Receiver may obtain appraisals of all of
14 Schweitzer Mountain's equipment and real property, and the cost
15 for these appraisals may be advanced by U. S. Bank and, if made,
16 shall be deemed to be part of the indebtedness of Schweitzer
17 Mountain to U. S. Bank and secured by the security interests and
18 liens securing Schweitzer Mountain's indebtedness to U. S. Bank.

19 10. The Receiver may hire, fire, lay off, furlough, or
20 terminate any personnel of Schweitzer Mountain, and adjust any
21 employee's compensation or benefit package.

22 11. The Receiver may retain and employ a law firm as
23 the Receiver's legal counsel and an accounting firm to provide
24 the Receiver with accounting and related services, and retain and
25 employ such other professionals as the Receiver deems necessary
26 or beneficial to assist him in fulfilling and discharging his

STIPULATION AND ORDER APPOINTING RECEIVER - 8

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1 duties hereunder, and to pay their reasonable fees on a monthly
2 basis as described in Paragraph III.7. below.

3 12. The Receiver or any party to this action may at
4 any time apply to this court, upon notice to the parties, for any
5 further instructions or powers necessary or appropriate to enable
6 the Receiver to perform his duties properly.

7 13. The Receiver shall assume all assigned duties and
8 powers immediately upon posting the bond required by this Order.

9 14. The Receiver is an independent officer of the
10 court and is not the agent of any party to this action.

11 15. Where court approval is required herein, written
12 notice of any application or motion shall be provided to counsel
13 for U. S. Bank and Schweitzer Mountain and any other person or
14 entity requesting notice, and any party affected by an
15 application or motion shall be allowed a reasonable opportunity
16 to come before the court and be heard on such matters.

17 III. DEFENDANTS' DUTIES TO RECEIVER

18 AND IT IS FURTHER ORDERED THAT:

19 1. Schweitzer Mountain, and Barbara Huguenin, Jean O.
20 Brown, Patricia Powell, Josephine H. Bopp, and Jacqueline Gran
21 (together, "Guarantors"), shall cooperate with the Receiver in
22 carrying out his duties. Schweitzer Mountain and the Guarantors
23 shall provide the Receiver with any and all information, books,
24 files, and records requested by the Receiver in order to fulfill
25 his responsibilities.
26

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2. Schweitzer Mountain and the Guarantors shall immediately surrender to the Receiver all funds of Schweitzer Mountain in their possession or control. In addition, the Guarantors shall immediately surrender to the Receiver the Collateral (as defined in that certain Third Party Security Agreement and Assignment of Partnership Interest by and among Guarantors, U. S. Bank, and others dated on or about April 26, 1991, and in that certain Third Party Security Agreement and Assignment of Partnership Interest by and between Pack River Investment Company, U. S. Bank, and others dated on or about April 26, 1991) and all proceeds, distributions, and income relating thereto or derived therefrom.

3. Schweitzer Mountain and the Guarantors shall not dispose of any assets of Schweitzer Mountain, and shall immediately surrender all assets of Schweitzer Mountain (exclusive of shares of stock or other documents or instruments evidencing ownership in the legal entities collectively referenced herein as Schweitzer Mountain) in their possession, custody, or control, including title instruments, or control of the assets, to the Receiver.

4. Schweitzer Mountain and the Guarantors shall do nothing to interfere in any way with the fulfillment of the Receiver's duties hereunder or of any person delegated by the Receiver to perform his duties.

5. Schweitzer Mountain shall deliver to the Receiver and U. S. Bank, no later than November 30, 1996, a statement of

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1 compliance certifying whether and to what extent Schweitzer
2 Mountain has complied with all Loan Documents between Schweitzer
3 Mountain and U. S. Bank for the period ending October 31, 1996.

4 6.- The Receiver's fees and costs, as may be approved
5 by this court on 14 days' notice, shall be paid from the
6 operating funds of Schweitzer Mountain.

7 7. The Receiver's professional fees, including legal
8 and accounting, and Schweitzer Mountain's and the Guarantors'
9 legal fees incurred relative to this Receivership, shall be paid
10 from the operating funds of Schweitzer Mountain as may be
11 approved by the Receiver and U. S. Bank. The costs of the
12 Receivership and any other costs and expenses as may be paid by
13 U. S. Bank in the bank's sole discretion shall be indebtedness of
14 Schweitzer Mountain and secured by all security interests and
15 liens securing Schweitzer Mountain's indebtedness to U. S. Bank.
16 Professional fees incurred by the Receiver, Schweitzer and the
17 Guarantors relative to this Receivership under this paragraph
18 (including fees incurred in preparation for the Receivership),
19 shall be treated as ordinary course payables, which shall be
20 payable upon approval by the Receiver on a monthly basis.

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IV. ADDITIONAL OBLIGATIONS

AND IT IS FURTHER ORDERED THAT:

1. U. S. Bank has agreed to forbear through October 31, 1997¹, from (a) conducting any foreclosure sale on any asset of Schweitzer Mountain, (b) offsetting any bank account of Schweitzer Mountain, or (c) commencing any judicial action or other court proceeding against Schweitzer Mountain or the Guarantors. U. S. Bank reserves all other rights, including but not limited to the rights to immediately commence foreclosure actions or other proceedings against parties other than Schweitzer Mountain and the Guarantors. If during the forbearance period described in this paragraph there shall occur or exist any Event of Default under the Loan Documents or this Order, or if the Guarantors fail to perform their obligations under this Order, then the forbearance period shall terminate and U. S. Bank shall be entitled to exercise any of its rights and remedies provided for in this Order or any of the Loan Documents, including but not limited to the Sixth Amendment.

2. Prior to selling, assigning or transferring its interest in the Loan Documents (or any of them), U. S. Bank shall provide to the defendants not less than thirty (30) days' written notice of U. S. Bank's intent to sell, assign or transfer such

¹This forbearance period shall run concurrently with the term of the Receivership and shall be extended if the receivership term is extended in accordance with Section 1 above.

STIPULATION AND ORDER APPOINTING RECEIVER - 12

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1 interest, including the name of the purchaser and the terms and
2 conditions of the contemplated transaction.

3 3. Schweitzer Mountain shall execute any
4 documentation deemed by U. S. Bank to be necessary or desirable
5 to enable U. S. Bank to realize on its security interests in its
6 collateral, including an assignment to U. S. Bank of Schweitzer
7 Mountain's federal income tax refund and any other refunds due to
8 Schweitzer Mountain.

9 4. On or before December 31, 1996, each of the
10 Guarantors shall provide U. S. Bank with a current financial
11 statement. The financial statements shall list each asset
12 separately and specify the address of each parcel of real estate
13 owned by the Guarantors.

14 5. All the obligations of Schweitzer Mountain
15 specified in the Order shall be binding on Schweitzer Mountain
16 and on any of its officers, directors, employees, and agents who
17 receive actual notice of the terms of this Order.

18 ORDERED this 1st day of ^{November} ~~October~~, 1996.

19
20 EDWARD J. LODGE

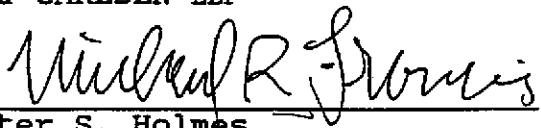
21 UNITED STATES DISTRICT
22 JUDGE/MAGISTRATE

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DEC 14 1998

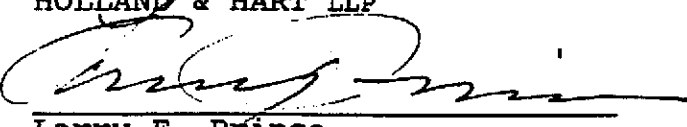
Department of Water Resources

1 MILLER, NASH, WIENER, HAGER
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6 Attorneys for Plaintiff U. S. Bank of Washington,
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10 ISBA # _____

11 Attorney for Plaintiff U. S. Bank of Washington,
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12 PAINE, HAMBLEN, COFFIN, BROOKE
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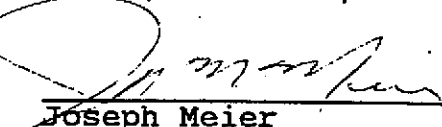
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15 Peter Erbland
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16 Shaun M. Cross
WSBA #9469

17 John T. Powers, Jr.
WSBA #14629

18 Attorneys for Defendants Pack River Ltd. Co., Pack River
19 Management Company, Recreations' Utility Company, Inc.,
20 Barbara Huguenin, Jean O. Brown, Patricia Powell,
Josephine H. Bopp, and Jacqueline Gran

21 COSHO, HUMPHREY, GREENER & WELSH

22 
23 Joseph Meier
24 ISBA # 3314

25 Attorneys for Ford Elsaesser
in his capacity as Receiver

26
STIPULATION AND ORDER APPOINTING RECEIVER - 14

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Department of Water Resources

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Co., Pack River Management Company, Recreations' Utility
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in his capacity as Receiver

STIPULATION AND ORDER APPOINTING RECEIVER - 14

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U.S. COURTS
Department of Water Resources

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_____ M. REC'D _____
LODGED _____ FILED _____

UNITED STATES DISTRICT COURT
DISTRICT OF IDAHO

U.S. BANK OF WASHINGTON, NATIONAL)
ASSOCIATION, a national banking)
association,)
Plaintiff,)

v.)

PACK RIVER LTD. CO., an Idaho limited)
liability company; PACK RIVER)
MANAGEMENT COMPANY, a general)
partnership; SCHWEITZER, INC., an)
Idaho corporation; PACK RIVER INVESTMENT)
COMPANY, a general partnership;)
RECREATIONS' UTILITY COMPANY, INC.,)
an Idaho corporation; RESORT)
DEVELOPMENT, INC., an Idaho corporation;)
BARBARA HUGUENIN; JEAN O. BROWN,)
PATRICIA POWELL; JOSEPHINE H. BOPP;)
and JACQUELINE GRAN;)
Defendants.)

Civil No. CIV96-0478-N-EJL

ORDER APPROVING SALE OF
ASSETS IN ACCORDANCE WITH
FIRST AMENDED PLAN OF
REORGANIZATION OF
UNSECURED CREDITORS
COMMITTEE

EXHIBIT

B

This matter having come before the Court based upon the Amended Motion by the Receiver for authority to sell real and personal property belonging to Schweitzer, Inc and Pack River Ltd. Co. according to the terms of the confirmed Chapter 11 Plan filed in the bankruptcy proceeding by the Unsecured Creditors' Committee in the bankruptcy cases

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Third Supplement. The plan, together with the modifications, was confirmed by the United States Bankruptcy Court for the District of Idaho by order entered October 5, 1998. The Plan, the supplements and the order are hereinafter collectively referred to as "THE PLAN". THE PLAN provides for the sale of assets and distribution of proceeds in a manner consistent with orders entered in this proceeding and the intent of Appointment Order wherein this Court appointed Ford Elsaesser as Receiver to manage property and to liquidate the assets of Pack River Ltd. Co., Schweitzer, Inc. and Recreations' Utility Company, Inc.

4. This Court previously ordered the Receiver to obtain three separate appraisals on the Ski Resort Assets, as defined in the Amended Motion, which appraisals were served on the parties and filed in this proceeding on June 19, 1998. Those three appraisers valued the SKI RESORT ASSETS at \$17,000,000.00, \$18,000,000.00 and \$19,496,000.00. The SKI RESORT ASSETS are defined in the Amended Motion as including all of the Schweitzer Mountain Resort including real property, personal property, buildings, improvements, equipment and other operating assets associated with the operation and development of the Schweitzer Mountain Ski Area. It also includes Schweitzer, Inc.'s and Pack River Ltd. Co.'s rights under executory contracts and unexpired leases described in section 6.1 of THE PLAN as to be assumed by the Resort Assets Purchaser (which is defined in THE PLAN). Most of these assets are owned by Schweitzer, Inc. and Pack River Ltd. Co. In addition, these assets include all of the assets of Recreations' Utility Company, Inc. which is not a debtor in any bankruptcy proceeding, but which property is controlled by Receiver. All of these assets are located in the State

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- I. Baldy Shop located in Bonner County, Idaho.
- J. Rapid Lightning Property located in Bonner County, Idaho.
- K. Sandpoint Industrial Park Lease located in Bonner County, Idaho.
- L. Interest, if any, in Hidden Lake Golf Course located in Bonner County, Idaho.
- M. Miscellaneous Real Estate Assets located in Idaho and Montana.
- N. Miscellaneous Other Assets.
- O. Executory Contracts and Leases described in paragraph 6.1 (a) of THE PLAN, page 16.

These are more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference.

2. The Receiver is authorized to contribute all of the assets of Recreations' Utility Company, Inc. to Schweitzer, Inc. so those assets can be included in the sale of the SKI RESORT ASSETS described in THE PLAN. The Recreations' Utility Company, Inc.'s assets include portions of the sewer, water, cable and other utility operations for the Ski Resort and any licenses related to sewer, water and utility operations at the Ski Resort. These assets are more particularly described in the depreciation schedule of Recreations' Utility Company, Inc. attached hereto as Exhibit "B". The Court finds that the assets of Recreations' Utility Company, Inc. are intertwined with the value of the assets which make up the SKI RESORT ASSETS and that the price to be received pursuant to THE PLAN is supported by the appraisals submitted to this Court (each of which included Recreations' Utility Company, Inc.'s assets in the assets appraised). Once the sale of the SKI RESORT ASSETS is consummated Recreations' Utility Company, Inc. will be released by Plaintiff

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Department of Water Resources

CERTIFICATE OF DELIVERY

I HEREBY CERTIFY that on the ____ day of October, 1998, a true and correct copy of the foregoing was delivered as follows:

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Tonkon Torp, LLP
1600 Pioneer Tower
888 SW Fifth Ave.
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Holland & Hart
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Ford Elsaesser
Elsaesser, Jarzabek & Anderson
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Barry W. Davidson
Davidson, Bailey & Medeiros
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Spokane, WA 99201

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Department of Water Resources

SCHEDULE A
SUMMARY DESCRIPTION OF PROPERTY OF THE ESTATES

I. Resort Assets

Schweitzer Mountain Resort consists of real property, personal property, buildings, improvements, equipment and other operating assets associated with the operation of the Schweitzer Mountain Resort ski area. The "Resort Assets" consists of property as described in the summaries of the three appraisals attached hereto as Exhibits A-1(a) through A-1(c), summarizing the appraisals of Intermountain Consultants, Sno. engineering and Auble & Associates. Copies of the full appraisals may be obtained by contacting counsel for the Official Unsecured Creditors Committee or the Receiver. A copy of the legal descriptions concerning the Resort Assets may be obtained from the Receiver.

II. Pack River Ltd. Co. Contract Receivables

Pack River Ltd. Co. ("PRLLC") has numerous contract receivables resulting from sales of various parcels of real property ("PRLLC Contract Receivables"). As of February 28, 1998, the estimated value of these receivables is approximately \$900,000 which would be adjusted for balance reductions that have occurred since that date.

III. Slack Point Real Property

The Slack Point Real Property is undeveloped real property located in Lake County, Montana, a legal description of which is attached hereto as Exhibit A-2. This property is described in the Disclosure Statement and Plan as a "U. S. Bank Asset."

IV. Baldy Real Property

The Baldy Real Property consists of approximately 2,000 acres located west of Sandpoint, in Bonner County, Idaho, presently classified as undeveloped timberland. This property is proposed to be sold as a "U. S. Bank Asset" under the Disclosure Statement and Plan, under the sale procedures described in Section 3.2 of the Plan. The legal description of the property is attached hereto as Exhibit A-3.

V. Polson Mill Site

The Polson Mill site is a parcel of real property in Lake County, Montana, upon which the Polson sawmill operated at one

EXHIBIT

A

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XI. Sandpoint Industrial Park Lease

The Sandpoint Industrial Park Lease is a leasehold of industrial-owned property located on Boyer Avenue, Sandpoint, Idaho, being leased on a long-term lease from the City of Sandpoint. Numerous buildings are leased by PRLLC to third parties under numerous short-term and month-to-month leases. This is an asset proposed to be conveyed to secured creditors, Mr. and Mrs. Otten, under the Disclosure Statement and Plan. The legal description of the Sandpoint Industrial Park leasehold is attached hereto as Exhibit A-8.

XII. Hidden Lake Golf Course

PRLLC has an ownership interest in the asset known as the Hidden Lake Golf Course, located in Bonner County, Idaho, as a result of investments by PRLLC into said golf course and certain agreements between Pack River Ltd. Co. and Villelli Enterprises, Inc. (the "Golf Course Interest"). The interest of PRLLC in the golf course is the subject of litigation now pending in the United States District Court, the Northern District of Illinois, Eastern Division, Case No. 97 C 0988, before Judge George W. Lindberg. That litigation was commenced by Holson Investment Company, an Illinois corporation, Richard S. Holson, Jr. and James F. Holson, which litigation generally requests the Court to determine the respective interests of the parties in the golf course as a result of Holsons' investment of approximately \$1.7 million. This litigation is scheduled, at last report, to go to hearing on for summary judgment, and trial has been re-set for August 3, 1998.

U. S. Bank claims that the Golf Course Interest may be part of its secured claim due to the fact that U. S. Bank collateral was utilized to make the \$500,000 investment. The ultimate interest of the golf course shall be sold or otherwise disposed of under the Disclosure Statement and Plan as a Receivership Asset, with any net proceeds or property being distributed thereunder divided between U. S. Bank and the unsecured creditors in the manner provided for under the Plan.

XIII. Miscellaneous Real Estate Assets

Miscellaneous Real Estate Assets consist of individual lots of miscellaneous real property, all of which are Receivership Assets, described as follows:

- A. Trout Creek, which legal description is attached hereto as Exhibit A-9;

SCHEDULE A

SUMMARY DESCRIPTION OF PROPERTY OF THE ESTATES

Page 3

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EXHIBIT A-2
SLACK POINT PROPERTY LEGAL DESCRIPTION

IN THE STATE OF MONTANA, COUNTY OF LAKE:

PARCEL 1:

Government Lots 3 and 4, the South half of the Northwest quarter and the East half of the Southwest quarter of Section 1, Township 22 North, Range 20 West, M.P.M., Lake County, Montana,

EXCEPT THEREFROM a portion of the East half of the East half of the East half of the East half of the Southwest quarter of Section 1, Township 22 North, Range 20 West, M.P.M., Lake County, Montana, described as follows:

Beginning at a point on the Northerly right-of-way boundary of Montana State Highway 35 which bears North 0°00'06" West 34.39 feet and North 88°44'31" West 20.0 feet from the South one-quarter corner of said Section 1; thence continuing North 88°44'31" West along said right-of-way boundary for a distance of 144.62 feet; thence North 0°13'31" West 228.77 feet to a (found) monumented corner; thence North 0°00'41" West 61.45 feet; thence North 89°59'31" East 145.49 feet; thence South 0°00'06" East 293.41 feet to the Point of Beginning. Tract A on Certificate of Survey #3916.

FURTHER EXCEPTING THEREFROM a portion of the East half of the East half of the East half of the Southwest quarter of Section 1, Township 22 North, Range 20 West, M.P.M., Lake County, Montana, described as follows:

Beginning at the Southwest corner of the Southeast quarter of Section 1, said Township and Range, thence North a distance of 20 rods; thence West a distance of 20 feet; thence South a distance of 20 rods; thence East a distance of 20 feet to the Point of Beginning.

FURTHER EXCEPTING THEREFROM a portion of the East half of the Southwest quarter of Section 1, Township 22 North, Range 20 West, M.P.M., Lake County, Montana, described as follows:

Beginning at a point on the Northerly right-of-way of Highway 35 that bears North 89°53' West a distance of 165.27 feet and North 0°15' West a distance of 57.25 feet from the South quarter corner of said Section 1; thence along said right-of-way North 86°46' West a distance of 208.71 feet; thence North 0°15' West a distance of 208.71 feet; thence South 88°46' East a distance of 208.71 feet; thence South 0°15' East a distance of 208.71 feet to the Point of Beginning. Deed Exhibit H-1077.

EXHIBIT A-2
SLACK POINT PROPERTY LEGAL DESCRIPTION
Page 1 of 2

FURTHER EXCEPTING THEREFROM those lands heretofore conveyed to Lake County, Montana, a Body Politic and Corporate, for road purposes only, by instrument dated July 11, 1960; recorded September 19, 1960, in Book 54 of Deeds, page 37, records of Lake County, Montana.

PARCEL 2:

Lots 13 and 14 in Block 1; Lots 13 through 21, inclusive, in Block 2 of Polson City Center Addition to the City of Polson, Lake County, Montana, according to the map plat thereof on file in the Office of the Clerk and Recorder of Lake County, Montana.

PARCEL 3:

A portion of the East half of the East half of the East half of the East half of the Southwest quarter of Section 1, Township 22 North, Range 20 West, M.P.M., Lake County, Montana, further described as being remainder on Certificate of Survey No. 3916, on file in the Office of the Clerk and Recorder of Lake County, Montana.

PARCEL 4:

The West half of the Southwest quarter of Section 1, Township 22 North, Range 20 West, M.P.M., Lake County, Montana.

EXHIBIT A-2
SLACK POINT PROPERTY LEGAL DESCRIPTION
Page 2 of 2

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DEC 14 1998

Department of Water Resources

EXHIBIT A-5
GRANITE CREEK PROPERTY LEGAL DESCRIPTION

IN THE STATE OF IDAHO, COUNTY OF BONNER:

Parcel 1:

A tract in the Southeast quarter of the northeast quarter of the Southwest quarter of Section 25, Township 55 North, Range 1 West, Boise Meridian, Bonner County, Idaho, described as follows:

Commencing at the Southeast corner of the Northeast quarter of the Southwest quarter of said Section 25; thence North on the East line of said Northeast quarter of the Southwest quarter, a distance of 267 feet; thence West at an angle of South 85° West, 262 feet; thence South 05° East to intersect the South line of said Northeast quarter of the Southwest quarter at a point 262 feet from the place of beginning at the Southeast corner of the Northeast quarter of the Southwest quarter of said Section 25; thence East along South line to the Point of Beginning;

EXCEPT any portion thereof which lies within Forest Drive of the Plat of Granite Creek Properties.

Parcel 2:

Lots 12 and 13 in Block 5, Unit I of Granite Creek, according to the plat thereof, recorded in Book 2 of Plats, page 84, records of Bonner County, Idaho.

Parcel 3:

Lots 5, 6, 7, 8, 9, 10, 11, 13, 15, 16, 18, 19, 20 and 21 in Block 9, Unit II of Granite Creek, according to the plat thereof, recorded in Book 2 of Plats, page 84, records of Bonner County, Idaho.

Parcel 4:

Lots 1 through 31, inclusive, in Block 11, Unit II of Granite Creek, according to the plat thereof, recorded in Book 2 of Plats, page 84, records of Bonner County, Idaho.

Parcel 5:

Lots 2 through 37, inclusive, in Block 14, Unit II of Granite Creek, according to the plat thereof, recorded in Book 2 of Plats, page 84, records of Bonner County, Idaho.

EXHIBIT A-5

GRANITE CREEK PROPERTY LEGAL DESCRIPTION

Page 1 of 2

Parcel 6:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41 and 42 in Block 16, Unit II of Granite Creek, according to the plat thereof, recorded in Book 2 of Plats, page 84, records of Bonner County, Idaho.

Parcel 7:

Lots 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47 and 49 in Block 18, Unit II of Granite Creek, according to the plat thereof, recorded in Book 2 of Plats, page 84, records of Bonner County, Idaho.

Parcel 8:

Lots 5 through 13, inclusive, in Block 21, Unit II of Granite Creek, according to the plat thereof, recorded in Book 2 of Plats, page 84, records of Bonner County, Idaho.

Parcel 9:

All that portion of Government Lot 3 and all that portion of the Northeast quarter of the Southeast quarter of Section 26, Township 55 North, Range 1 West, Boise Meridian, Bonner County, Idaho, lying within the 550 foot wide Bonneville Power Administration easement and lying within the adjacent 100 foot wide Washington Water and Power Company easement crossing said properties.

EXHIBIT A-5

GRANITE CREEK PROPERTY LEGAL DESCRIPTION

Page 2 of 2

DEC 14 1998

Department of Resources

Lot 2:

Beginning at the East Quarter Corner of said Section 15, being a BLM Brass Cap monumenting said corner; thence North 89°59'08" West along the East West centerline of said Section 15 a distance of 2525.58 feet to the True Point of Beginning; thence North 0°05'10" East a distance of 1940.37 feet; thence North 77°27'29" West a distance of 390.44 feet; thence South 60°34'49" West a distance of 71 feet; thence South 0°05'10" West a distance of 1990.16 feet; thence South 89°59'08" East a distance of 443.04 feet to the True Point of Beginning.

Lot 2:

Beginning at the East Quarter Corner of said Section 15, being a BLM Brass Cap monumenting said corner, the True Point of Beginning; thence North 89°59'08" West along the East West centerline of said Section 15 a distance of 858.62 feet; thence North 0°05'10" East a distance of 1210 feet to the centerline of Flume Creek as it now exists; thence in a Southeasterly direction along the centerline of Flume Creek as it now exists, to a point of intersection with a line that bears North 0°05'10" East, 846.70 feet from the True Point of Beginning; thence leaving the centerline of said Flume Creek as it now exists South 00°05'10" West a distance of 846.70 feet to the True Point of Beginning.

EXHIBIT A-8
SANDPOINT INDUSTRIAL PARK PROPERTY LEGAL DESCRIPTION

IN THE STATE OF IDAHO, COUNTY OF BONNER:

A parcel of property situated in the City of Sandpoint, County of Bonner, State of Idaho, to-wit:

Within the East half of Section 15, Township 57 North, Range 2 West, Boise Meridian, bounded on the North and on the South by the Burlington Northern Railroad Company rights-of-way and on the East by the Spokane International Railroad right-of-way which presently exist on the records of Bonner County, Idaho.

Also described as follows:

All that portion of the East half of Section 15, Township 57 North, Range 2 West, Boise Meridian, Bonner County, Idaho, lying West of Spokane International Railroad and North of the right-of-way of the existing railroad track which connects the main line tracks of the Northern Pacific Railway Company, the Spokane International Railroad and the Great Northern Railway Company, and lying South of a line parallel with and distant 50 feet South of, measured at right angles and radially, from the following described centerline of proposed connecting tract:

Commencing at the Northeast corner of Section 16, said Township and Range; thence Westerly along the North line of said Section 16 for 587.05 feet to its intersection with said centerline of proposed connecting track and the True Point of Beginning; thence along a 02°30' curve to the left whose tangent at a point of intersection makes a Southeasterly angle of 00°45'30" with said North line; thence Southeasterly along said 02°30' curve to the left, through an angle of 52°06'45" for 2084.5 feet; thence along an A.R.E.A. spiral curve to the left, through an angle of 06°00' for 480 feet; thence Southeasterly and tangent for 2638.17 feet; thence Southeasterly along an A.R.E.A. spiral curve to the right, through an angle of 06°00' for 480 feet; thence Southeasterly along a 02°30' curve to the right, through an angle of 42°04' for 1682.66 feet and the end of this centerline description.

EXHIBIT A-7

RAPID LIGHTING PROPERTY LEGAL DESCRIPTION

Page 2 of 2

EXHIBIT A-8

SANDPOINT INDUSTRIAL PARK PROPERTY LEGAL DESCRIPTION

RECEIVED

DEC 14 1998

Department of Water Resources

EXHIBIT A-12
LONEPINE PROPERTY LEGAL DESCRIPTION

IN THE STATE OF MONTANA, COUNTY OF SANDERS:

Lot 1 of Block 2, Lot 1 of Block 4, Lot 6 of Block 7, Lots 8 and 9 of Block 11, Lots 11, 13 and 14 of Block 10, in the Town of Lonepine, according to the plat thereof on file and of record in the Office of the County Clerk and Recorder of Sanders County, Montana.

EXHIBIT A-12
LONEPINE PROPERTY LEGAL DESCRIPTION

CLIENT 10110

RESPECTIONS' UTILITY COMPANY, INC.

82-0311204

Q.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ UNITS	DMS. PCT.	179/ HOURS	179/ HOURS	DEC. BAL. DEPR.	BASIS REDUCTN	SALVAGE VALUE	DEPR. BASIS	PRICE DEPR.	METHOD	LIFE	RATE	CURRENT
																DEPR.
CUM 11205 (CUM1)																
32	'91 SILVER IMPROVE.	1/01/91		633							633	315	15000 HY	15	.05000	37
33	'91 LADDER COSTS	1/01/91		19,917						19,917	9,921	15000 HY	15	.05000	1,175	
34	'91 SILVER SYS COSTS	1/01/91		12,532						12,532	6,242	15000 HY	15	.05000	739	
35	'90 ADD'L WATER COST	6/30/91		5,620						5,620	2,800	15000 HY	15	.05000	312	
36	'91 WATER IMPROVEMENT	1/01/91		110,696						110,696	55,325	15000 HY	15	.05000	6,331	
37	'90 ADD'L CABLE COST	6/30/91		1,006						1,006	1,725	20000 HY	7	.04460	111	
38	'91 CABLE IMPROVE.	1/01/91		633						633	205	20000 HY	7	.04460	28	
39	1991 OFFICE DESK	2/11/91		167						167	160	20000 HY	7	.04460	7	
40	1990 LADDER COSTS	5/26/91		13,291						13,291	6,620	15000 HY	15	.05000	704	
41	5 INCH DIA. PIPES	1/13/91		3,020						3,020	2,093	20000 HY	7	.04460	135	
42	1992 SUB SIGN INSTALL.	12/31/92		2,331						2,331	971	15000 HY	15	.05000	132	
43	1992 TARDUCTION 161 KLOC	12/31/92		0,392						0,392	3,499	15000 HY	15	.05000	495	
44	1992 LADDER IMPROVEMENTS	12/31/92		11,900						11,900	6,963	15000 HY	15	.05000	702	
45	1992 SPRAY IRRIGATION	12/31/92		50,506						50,506	24,429	15000 HY	15	.05000	3,457	
46	'92 WATER SYSTEM IMPROVE.	2/29/92		5,200						5,200	2,402	15000 HY	15	.05000	307	
47	NEW WTL.	12/31/92		20,570						20,570	8,570	15000 HY	15	.05000	1,214	
48	'92 CABLE EXPANSION	12/31/92		7,974						7,974	6,669	20000 HY	7	.04730	696	
49	NEW COSTS - 1992	12/31/92		4,226						4,226	1,763	15000 HY	15	.05000	249	
	161 ELIMINATION - NEW 100	9/30/93		31,547						31,547	11,629	15000 HY	15	.04310	1,971	
51	SPRAY IRRIGATION	11/30/93		12,765						12,765	4,496	15000 HY	15	.04400	827	
52	CABLE SERVICE EXPANSION	11/30/93		2,425						2,425	1,016	20000 HY	7	.04730	212	
53	CABLE HARDWARE/LINE EXT.	11/30/93		3,894						3,894	2,916	20000 HY	7	.04730	360	
54	100 NETWORK	12/31/93		840						840	628	20000 HY	7	.04730	73	
55	FIREPROOF FILE CABINET	11/30/93		902						902	736	20000 HY	7	.04730	86	
56	1992 WATER WELL	1/01/93		4,901						4,901	1,966	15000 HY	15	.05000	294	
57	EXTING. SILVER STR. MAIN	9/30/94		122,865						122,865	37,701	15000 HY	15	.04930	8,515	
58	REPUTED SILVER PUMP	10/31/94		5,802						5,802	1,704	15000 HY	15	.04930	402	
59	161 ELIMINATION	9/30/94		110,339						110,339	36,389	15000 HY	15	.04930	8,201	
60	PARAFLECTOR MATERIAL	7/30/94		2,930						2,930	2,021	20000 HY	7	.04930	262	
61	UNDERLINE EXPAND SERVICE	8/31/94		6,350						6,350	4,366	20000 HY	7	.04930	367	
62	ADD SATELLITE CABLE	12/30/94		6,700						6,700	4,660	20000 HY	7	.04930	606	

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DEC 14 1998

Department of Water Resources

CLIENT 10110

RECREATIONS' UTILITY COMPANY, INC.

B2-0311204

Q.	DESCRIPTION	DATE ACQUIRED	DATE SOLD	COST/ BASIS	AMS. PCT.	COMMENT	PRIOR 179/ YEARS	PRIOR 179/ MONTHS	DEC. BAL. DEPR.	BASIS REINACTN	SALVAGE VALUE	DEPR. BASIS	PRIOR DEPR.	METHOD	LIFE	RATE	CURRENT DEPR.
(MM 11206 (CON))																	
94	LABORER ROAD	12/31/97		13,531								13,531	169	1500H M	25	.06800	1,337
95	ENGINEERING	12/31/97		8,205								8,205	103	1500H M	15	.09868	811
96	HS-3RD INITIAL	1/01/97		62,535								62,535	5,472	1500H M	15	.07130	5,709
GRAND TOTAL DEPRECIATION				2,994,419			0	1,440	0	0	0	2,992,751	1,311,039				169,390

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DEC 14 1998

Department of Water Resources



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, P.O. Box 83720, Boise, Idaho 83720-0098

Phone: (208)327-7900 FAX: (208)327-7866 www.idwr.state.id.us/idwr/idwrhome.htm

January 14, 1999

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

US BANK NATIONAL ASSN
JOE ANDERSEN
US BANK PLACE MPFP2518
MINNEAPOLIS MN 55402

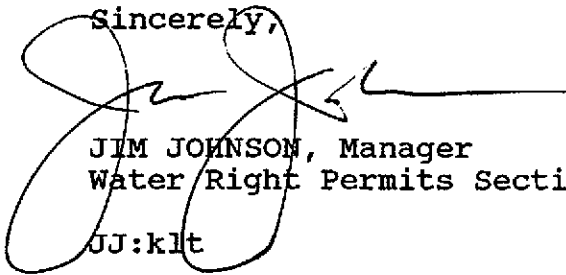
RE: Confirmation of Receipt of Letter

Dear Mr. Andersen:

This letter is to confirm that copies of the letter of December 31, 1998 from Resort Water Co., Inc. (copy enclosed) have been placed in the files as requested.

If you have any questions regarding this matter, you may phone me at 208-327-7947.

Sincerely,



JIM JOHNSON, Manager
Water Right Permits Section

JJ:klt

Enclosure

RECEIVED

JAN 4 1999

DEPARTMENT OF WATER RESOURCES

RESORT WATER CO., INC.
U.S. Bank Place - MPFP2516
Minneapolis, MN 55402

December 31, 1998

By Federal Express

Mr. Jim Johnson
Idaho Department of Water Resources
1301 N. Orchard Street
Boise, Idaho 83706-2237

Dear Mr. Johnson:

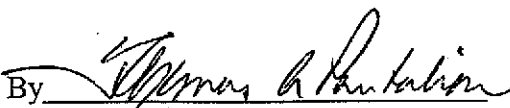
Resort Water Co., Inc., for and in consideration of \$11,491,297, has granted a security interest in all water applications, permits, licenses, claims, decreed rights or other rights or interests currently belonging to Resort Water Co., Inc. to U.S. Bank National Association, including Permits 96-08428, 96-08413, 96-07841, 96-08725, License 96-07127 and Decree 95-4139.

Pursuant to instructions from your office, we request that a copy of this letter be placed in each of the above referenced water right files. When this has been accomplished, please provide a letter of acknowledgments to Joe Andersen, U.S. Bank National Association, U.S. Bank Place, MPFP2518, Minneapolis, Minnesota 554022.

thank you for your assistance.

Sincerely,

RESORT WATER CO., INC.

By 
Thomas A. Pantalion
Vice President and Secretary

cc: Joe Andersen, Esq.
David D. Buck, Esq. (by fax)
Mr. Ronald W. Cook (by fax)
Mr. Richard J. Mikos
Larry E. Prince, Esq. (by fax)



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, P.O. Box 83720, Boise, Idaho 83720-0098

Phone: (208) 327-7900 FAX: (208) 327-7866

December 17, 1998

PHILIP E. BATT
GOVERNOR

KARL J. DREHER
DIRECTOR

RESORT WATER CO INC
U S BANK PL - MPFP2516
601 2ND AVE S
MINNEAPOLIS MN 55402-4302

RE: ASSIGNMENT OF PERMITS 96-07841/96-08413/96-08428/96-08725

Dear Water Right Holder(s):

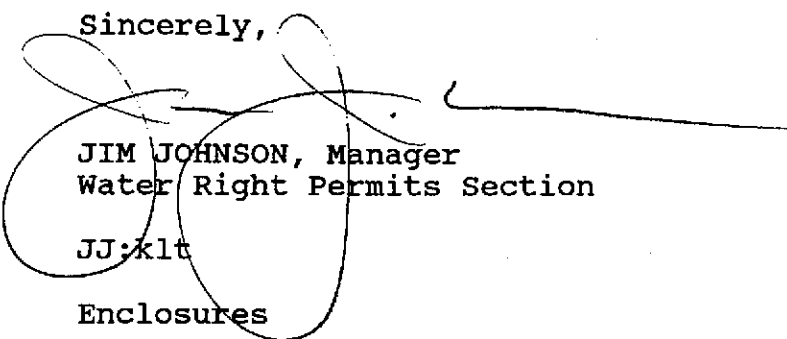
We acknowledge receipt of the correspondence changing ownership of the above referenced water rights to you. We have modified our computer records to reflect this change in ownership. A copy of a computer generated report is enclosed for each water right for your information.

Also, please note that as of July 1, 1996, water right owners are required to report any change of water right ownership and any change of mailing address to the department. If you have acquired a water right or have changed your mailing address **PRIOR** TO July 1, 1996, you have until July 30, 1998, to notify the department. If you acquire a water right or change your mailing address **AFTER** July 1, 1996, you must notify 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 to obtain the proper reporting form.

If you have any questions regarding this matter, please feel free to contact us.

Sincerely,


JIM JOHNSON, Manager
Water Right Permits Section

JJ:klt

Enclosures

MICROFILMED
JAN 11 1999

RECEIPT
For Monies Paid
to the
Idaho Department of Water Resources

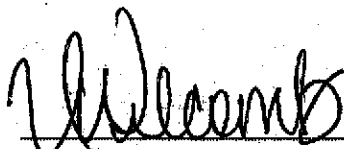
Receipt No: 0044122

Date: 12/15/1998
Time: 09:35:52

Received
From: HOLLAND & HART LLP

Type of Payment	Program Acct	Amount
PERMIT 96-08428	56103 229 21 1155	25.00
CHECK 0593		
	Total	\$ 25.00

Region: STATE

Signature: 

MICROFILMED
JAN 11 1999

**ANALYSIS SHEET
FOR
PROOF OF BENEFICIAL USE**

Permit No. 96-08428 Reviewed by Jy Date 12-4-98

GENERAL CONSIDERATIONS

TYPES OF USE

yes Name same as permit?
no Address same as permit?
no Proof timely received? Correct Uses? yes
If not, complete calculation below.

SOURCE OF WATER

✓ Surface water source
Ground water source
Drilling permit required?
Copy in the file? Drilling Permit No. _____
Amount paid for permit _____ Correct?
Well log in the file?

LICENSE EXAMINATION FEE

MEASURING DEVICE

yes Required?
100- Amount Submitted
yes Correct?
yes Required?
yes Installed?
Waiver requested?

PRIORITY CALCULATION

Date proof received 12-24-97
Date proof due 6-1-91 -
No. of days late after 600 =
Priority Date +
New Priority Date

7 11/24/97

DEFICIENCIES OR ACTION ITEMS

Reinstate + advance priority to Nov. 24, 1997.
Proof acceptable

DATA ENTRY

New Address P.O. Box 1921 Proof Made 11-24-97
Sandpoint 183864



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, P.O. Box 83720, Boise, Idaho 83720-0098
Phone: (208) 327-7900 FAX: (208) 327-7866

December 4, 1998

PHILIP E. BATT
GOVERNOR

KARL J. DREHER
DIRECTOR

Recreations' Utility Co., Inc.
Po Box 1921
Sandpoint ID 83864

PROOF ACKNOWLEDGMENT LETTER

RE: Permit No. 96-08428

Dear Permit Holder:

The department acknowledges receipt of the proof of beneficial use form submitted for the above referenced permit.

Enclosed is an order reinstating the permit since proof was submitted after the proof due date. Note that the priority date has been advanced to November 24, 1997, as provided in Section 42-218a.2, Idaho Code.

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.

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. If you have questions concerning the field examination, you may contact the **Northern** Regional Office of the department in Coeur d'Alene at (208)769-1450.

Sincerely,

JULIE L. YARBROUGH

Senior Secretary, Water Allocation Bureau

Enclosure

c: IDWR - Regional Office

MICROFILMED

JAN 11 1999

MEMORANDUM

To: Files 96-08413 and 96-08428
From: L. Glen Saxton *WJ*
RE: REQUEST TO REINSTATE LAPSED PERMITS
Date: December 2, 1997

I have reviewed the microfilm records of the above referenced lapsed permits and believe there is reasonable cause to reinstate the permits.

The microfilm shows that the address of the permit holder changed from the time the applications were submitted to the department in 1989 to the time that proof of beneficial use was due in 1994. The file shows that the department remailed the proof due notice for permit 96-08413, but that the permit holder still may not have received the notice.

I recommend that the department reinstate both permits with the priority advanced as provided in section 42-218a.2, Idaho Code.

The department needs to advise the permit holder either in the order reinstating the permits or in the transmittal letter which accompanies the reinstatement order that further development under the permits is not authorized.

MICROFILMED

JAN 11 1999



RECREATIONS
UTILITY
COMPANY, INC.

November 21, 1997

Mr. Al Beardslee
Sr. Water Resource Agent
Idaho Department of Water Resources
1910 Northwest Blvd., Suite, #210
Coeur d'Alene, Id. 83814-2615

RE: PERMIT NO's. 96-08413 AND 96-08428

Dear Mr. Beardslee:

Attached you will find the latest correspondence with your Boise office, Mr. L. Glen Saxton, regarding the above referenced water rights. We are attempting to update all of our Department of Water Resource permits, and would like to work through your local office on all past, present, and future requirements.

We would respectfully request that the two above referenced permits be reinstated, as they are an integral component to our domestic and fire fighting water supplies. The following evidence is submitted to meet the requirements of reinstatement:

- 1 - The request for "PROOF OF BENEFICIAL USE" is enclosed along with the license examination fee.
- 2 - The extent of beneficial use during the time authorized by the permit, has been, and continues to be, the same as stated on our request for "PROOF OF BENEFICIAL USE" as submitted in item one (1) above.
- 3 - Proof of beneficial use is being filed late due to an oversight on our part. For whatever reason, no one individual had been given the responsibility to follow through with the required permit process. This oversight has been corrected on our part, and all future correspondence should be directed to this office for prompt attention and processing.

Thank you for your time and consideration in this matter, and if you require any additional information, please do not hesitate to contact me at your convenience.

Sincerely,

Bob Hansen
Operations Manager

MICROFILMED

JAN 11 1999

RECEIVED

DEC 01 1997

Department of Water Resources

RECEIVED

NOV 24 1997

NORTHERN REGION
IDWR



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, P.O. BOX 83720, Boise, Idaho 83720-0098

Phone: (208) 327-7900 FAX: (208) 327-7866

October 23, 1997

Bob Hansen
Recreations Utility Co., Inc.
P.O. Box 1921
Sandpoint, ID 83864

RECEIVED
NOV 24 1997
NORTHERN REGION
IDWR

PHILIP E. BATT
GOVERNOR

KARL J. DREHER
DIRECTOR

RE: LAPSED PERMIT NOS. 96-08413 AND 96-08428

Dear Mr. Hansen:

In response to your letter dated October 17, 1997 in connection with the above referenced lapsed permits (permits), I have reviewed the files. The uses authorized on the permits was domestic and commercial use. The source of water for each permit was a Spring tributary to Schweitzer Creek. Both permits lapsed due to the permit holder's failure to submit the required proof of beneficial use of water.

Section 42-218a.2, Idaho Code, authorizes the department to reinstate a lapsed permit upon the submittal of the proof of beneficial use of water together with sufficient evidence to clearly establish the extent of beneficial use during the time authorized by the permit and with a showing of reasonable cause why proof of beneficial was filed late. Upon such showings, the department can reinstate a permit with the priority of use advanced to the date that proof of beneficial use and the showings are submitted to the department.

The authorized development period for lapsed permit No. 96-08413 was from June 19, 1985 to June 1, 1991 and for lapsed permit No. 96-08428 was from November 1, 1984 to November 1, 1994.

If you have questions, please feel free to contact me or our Coeur d'Alene office at 769-1450. Enclosed are two (2) proof of beneficial use forms and instructions for your use.

Sincerely,

L. GLEN SAXTON, Chief
Water Allocation Bureau

Encl: 3

c: IDWR - N. Region

MICROFILMED
JAN 11 1999

I certify that file No. 91-8428

has been reviewed and is ready to be MICROFILMED
and DESTROYED.

Sam Skaggs
Signature

9-6-91
Date

The attached proof report is the water right as it appeared in the database prior to the final status and deletion from the database.

WR5208N
(00-26)

IDAHO DEPARTMENT OF WATER RESOURCES
WATER RIGHT PROOF READING REPORT

09/06/91 09:22:11
Page 1

Water Right Number - 96-08428

Prefix Translation: WATER RIGHT

Old (D) Number -

+ - - - - Last Name - - - - + + - First Name - - + + - - - - - Address - - - - - +

*** C - CURRENT OWNER ***
RECREATIONS UTILITY CO. INC.

1 - P.O. BOX 993
2 -
3 -
City- SANDPOINT State- ID Zip- 83864
Phone -

+ - - Priority Date - - + + - - - Region - - - + + - - - Stage - - - + + - - - Status - - - +
04/23/1985 15 NORTHERN P - PERMIT

+ - - - - Source - - - - + + - - - - - Tributary - - - - - +
SPRING SCHWEITZER CREEK

+ - - - - Point of Diversion - - - - - +
TwN Rng Sec Tract Lot Rflg County Stream Index (Blank if no Index Code)
58N 02W 20 NW SW (17) BONNER

+ - - - - Water Use - - - - - +
Code Description Period From Period To Diversion Rate Diversion Volume
10 - COMMERCIAL 01/01 12/31 0.500
42 - DOMESTIC 01/01 12/31 0.500

+ - - Total Div. Rate - + + - - Total Div. Volume - + + - - Total Div. Capacity - +
0.500

+ - - - - Place of Use - - - - - +
TwN Rng Sec Tract Lot Acres Code Description County
58N 02W 17 NE SW 10 COMMERCIAL (17) BONNER
58N 02W 17 NW SW 10 COMMERCIAL (17) BONNER
58N 02W 17 SW SW 10 COMMERCIAL (17) BONNER
58N 02W 17 SE SW 10 COMMERCIAL (17) BONNER
58N 02W 17 NE SE 10 COMMERCIAL (17) BONNER
58N 02W 17 NW SE 10 COMMERCIAL (17) BONNER
58N 02W 17 SW SE 10 COMMERCIAL (17) BONNER
58N 02W 17 SE SE 10 COMMERCIAL (17) BONNER
58N 02W 20 NE NE 10 COMMERCIAL (17) BONNER
58N 02W 20 NW NE 10 COMMERCIAL (17) BONNER
58N 02W 20 SW NE 10 COMMERCIAL (17) BONNER
58N 02W 20 SE NE 10 COMMERCIAL (17) BONNER
58N 02W 20 NE NW 10 COMMERCIAL (17) BONNER
58N 02W 20 NW NW 10 COMMERCIAL (17) BONNER
58N 02W 20 SW NW 10 COMMERCIAL (17) BONNER
58N 02W 20 SE NW 10 COMMERCIAL (17) BONNER
58N 02W 20 NE SW 10 COMMERCIAL (17) BONNER
58N 02W 20 NW SW 10 COMMERCIAL (17) BONNER
58N 02W 20 SW SW 10 COMMERCIAL (17) BONNER
58N 02W 20 SE SW 10 COMMERCIAL (17) BONNER
58N 02W 21 NE NE 10 COMMERCIAL (17) BONNER

WR5808NP
(00-26)

IDAHO DEPARTMENT OF WATER RESOURCES
WATER RIGHT PROOF READING REPORT

09/06/91 09:22:11
Page 2

Water right number - 96-08428

Prefix Translation: WATER RIGHT

Trn	Rng	Sec	Tract	Lot	Acres	Place of Use Code	Description	County
58N	02W	21	NW NE			10	COMMERCIAL	(17) BONNER
58N	02W	21	SW NE			10	COMMERCIAL	(17) BONNER
58N	02W	21	SE NE			10	COMMERCIAL	(17) BONNER
58N	02W	21	NE NW			10	COMMERCIAL	(17) BONNER
58N	02W	21	SW NW			10	COMMERCIAL	(17) BONNER
58N	02W	21	SE NW			10	COMMERCIAL	(17) BONNER
58N	02W	21	NE SW			10	COMMERCIAL	(17) BONNER
58N	02W	21	NW SW			10	COMMERCIAL	(17) BONNER
58N	02W	21	SW SW			10	COMMERCIAL	(17) BONNER
58N	02W	21	SE SW			10	COMMERCIAL	(17) BONNER
58N	02W	21	NE SE			10	COMMERCIAL	(17) BONNER
58N	02W	21	NW SE			10	COMMERCIAL	(17) BONNER
58N	02W	21	SW SE			10	COMMERCIAL	(17) BONNER
58N	02W	21	SE SE			10	COMMERCIAL	(17) BONNER
58N	02W	29	NE NE			10	COMMERCIAL	(17) BONNER
58N	02W	29	NW NE			10	COMMERCIAL	(17) BONNER
58N	02W	29	SW NE			10	COMMERCIAL	(17) BONNER
58N	02W	29	SE NE			10	COMMERCIAL	(17) BONNER
58N	02W	29	NE NW			10	COMMERCIAL	(17) BONNER
58N	02W	29	NW NW			10	COMMERCIAL	(17) BONNER
58N	02W	29	SW NW			10	COMMERCIAL	(17) BONNER
58N	02W	29	SE NW			10	COMMERCIAL	(17) BONNER

+ - - Diversion Means -

+ - - Non-Irrigation Use - C & D/1400 HOMES & COMMERCIAL HOOKUPS.

+ - - Other Rights for Same Use -

+ - - - - - Remarks - - - - -
No Remarks found.

+ - - - - - Old Water Right Numbers - - - - -
No Old Water Right numbers found.

+ - - - - - Conditions of Approval - - - - -
026 - Permit holder shall commence the excavation or construction of
- diverting works within one year of the date this permit is issued
- and shall proceed diligently until the project is complete.
004 - The issuance of this permit in no way grants any right-of-way or
- easement across the land of another.

+ - - - - Decree Plaintiff - - - +

+ - - - - Decree Defendant - - - +

+ - Decree Date - +
00/00/0000

WR5808NP
(00-26)

IDAHO DEPARTMENT OF WATER RESOURCES
WATER RIGHT PROOF READING REPORT

09/06/91 09:22:11
Page 3

Water right number - 96-08428

Prefix Translation: WATER RIGHT

+ -Comments- +
No Comments Found

+ - - Audit Fields - 08/26/86 05/14/88 CONVERT 06/06/90 CURTIS

+ - Water Rights Dates and Flags Area +

Proof Due Date	- 05/01/1991	Field Exam Made	- 00/00/0000	Field Exam Fee	-
Approved/Denied	- 06/19/1985	Protested Date	- 00/00/0000	Swan Falls	-
Proof Made Date	- 00/00/0000	Hearing Date	- 00/00/0000	Temporary Right	- P
Exam to S.O. Date	- 00/00/0000	Verified Date	- 00/00/0000	DLE/Carey Act	-
Order Show Cause	- 00/00/0000	Receipt Number	-	Water District	-
Licensed Date	- 00/00/0000	Appl Received	- 00/00/0000	Transfer/Amended	-
Decree Date	- 00/00/0000	Presumption Flag	-		

RECREATIONS UTILITY CO INC
218 CEDAR STREET
SANDPOINT ID 83864

June 4, 1991

LAPSE NOTICE

RE: PERMIT NO. 96-08428

Dear Permit Holder:

You are hereby notified that under the provisions of Section 42-218A, Idaho Code, the above referenced permit has lapsed and is of no further force nor effect. The department provided the proper forms to you in our proof due notice dated March 31, 1991. No further construction or additional development is authorized under this permit unless it is reinstated.

The permit can only be reinstated if you submit an acceptable proof of beneficial use or an acceptable request for extension of time to the department within sixty (60) days of the mailing of this lapse notice. An acceptable proof of beneficial use submittal must include the examination fee or a completed field examination report. A request for extension of time must be accompanied by a fifteen dollar (\$15) fee.

Enclosed again for your use are a proof of beneficial use form and a request for extension of time form. Please note that only one extension of time can be granted unless the project has not been completed because of lack of a necessary approval by a government agency or by litigation which may bring title to the water in question.

L. GLEN SAXTON
Chief, Water Allocation Bureau

LGS:rf

Enclosures

CERTIFICATION OF MAILING

I hereby certify that on 6-7-91
a copy/an original of this document was
deposited in the United States mail,
postage prepaid addressed to the
individual(s) named above.

RECREATIONS' UTILITY CO INC
218 CEDAR STREET
SANDPOINT ID 83864

138355
March 31, 1991

RE: PERMIT NO. 96-08428 PROOF DUE NOTICE

Dear Permit Holder:

One of the conditions of approval of the above referenced water permit was that proof of the extent of your beneficial use must be submitted to this office on or before June 1, 1991. (See last page of your approved permit or your last approved extension request.) Enclosed is a form which when accompanied by the license examination fee or a complete field examination report prepared by a certified water right examiner may be used to submit the required proof.

If you have not fully completed your project, and you or a previous owner of this permit have not received a prior extension of time, you may request an extension of time if the delay is for reasonable cause as provided in Section 42-204, Idaho Code. If you have been prevented from proceeding by a governmental agency or by litigation which might bring title to the water in question, more than one extension of time can be granted. An extension of time request form is enclosed for your convenience.

Either an acceptable proof of beneficial use submittal or an acceptable request for an extension of time must be received by this department on or before the above described proof due date. If neither is received, the department will send you a lapse notice. Within sixty (60) days of the mailing of the lapse notice, the permit will no longer be of any force nor effect.

SINCERELY,

Rita Fleck
Secretary/Records Manager

Enclosures

June 5, 1990

Recreations' Utility Co. Inc.
218 Cedar Street
Sandpoint, ID 83864

Gentlemen:

Re: Permit No. 96-8425, 96-8426 and 96-8428

Enclosed is a copy of each of the approved requests for extension of time. The time within which to submit proof of beneficial use is extended to June 1, 1991 for Permit Nos. 96-8426 and 96-8428 and May 1, 1991 for Permit No. 96-8425.

Note that it is important that you work diligently toward the completion of this project during the construction period allowed. The department may not be able to grant additional requests.

Sincerely,

RITA I. FLECK
Secretary/Records Manager

Enclosures

138574

March 31, 1990

RECREATIONS UTILITY CO. INC.
P.O. BOX 993
SANDPOINT, ID 83864

PROOF DUE NOTICE

RE: PERMIT NO. 96-08428

Dear Permit Holder:

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SINCERELY,

Rita Fleck
Secretary/Records Manager

Enclosures

INTER-DEPARTMENT MEMO — 1

DATE 3/8/89

FROM T. KING

TO FILE

SUBJECT ADDRESS CHANGE
ATTACHED CARD FOR 96-8428, 8426, 8425, 8413, 7775
2 96-7127

Jack Monks
Manager

RECREATIONS' UTILITY COMPANY INC. 

218 Cedar Street
Sandpoint, Idaho 83864
(208) 263-3331



SIGNATURE

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

STATEHOUSE
BOISE, IDAHO 83720
(208) 334-4440

RECREATIONS UTILITY COMPANY INC.
P.O. BOX 993
SANDPOINT, ID 83864

JULY 03, 1985

RE: PERMIT NO. 96-8428

DEAR PERMIT HOLDER:

ENCLOSED IS A COPY OF YOUR APPROVED APPLICATION FOR PERMIT. WE DIRECT YOUR ATTENTION TO THE CONDITIONS OF APPROVAL ON THE FOURTH PAGE.

PLEASE NOTE THE REQUIREMENT THAT AS A PERMIT HOLDER YOU MUST COMMENCE THE THE EXCAVATION OR CONSTRUCTION OF DIVERTING WORKS WITHIN ONE YEAR OF THE DATE THE PERMIT WAS ISSUED, AND YOU MUST PROCEED DILIGENTLY UNTIL THE PROJECT IS COMPLETED. THE ENCLOSED BLUE CARD MUST BE COMPLETED AND RETURNED TO THIS OFFICE AS SOON AS YOU COMMENCE CONSTRUCTION, NO LATER THAN ONE YEAR FROM THE DATE THE PERMIT WAS APPROVED.

WE HAVE ENCLOSED 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 LICENSE.

SINCERELY,

DAVID R. TUTHILL, JR., P.E.
SUPERVISOR, WATER ALLOCATION SECTION

ENCLOSURE

State of Idaho
Department of Water Resources

APPLICATION FOR PERMIT ANALYSIS SHEET

INITIAL REVIEW BY: sk APPLICATION NUMBER: 96-8428

CHECK:

- ☒ Source.
☐ Point of diversion.
☐ County.
☐ Quantity of water and period of use.
☐ Description of diverting works.
☐ Time required for beneficial use of water.
☐ Place of use or acres irrigated.
☐ Map.
☐ Signature.
☒ Fee.
☐ Yes ☒ No Field check required.
☐ Yes ☒ No Critical groundwater area.
☐ Yes ☒ No Request dam safety information. Sent by: _____ Date: _____
☐ Yes ☐ No* In form to receipt.

Field check by: _____
Date: _____
Comments: _____

*REQUEST THE FOLLOWING ADDITIONAL INFORMATION FROM THE APPLICANT: _____

SEND COPIES TO:

- ☒ Idaho State Health Department.
☐ Idaho Fish and Game Department.
☐ Idaho Department of Lands.
☐ U.S. Bureau of Land Management.
☐ U.S. Forest Service.
☐ Other _____

Copies sent by: sk Date: 4/29/85

PROCESSING:

- ☐ Yes ☐ No Platted by: _____ Map No. _____
☐ Yes ☐ No Other rights on same place of use. _____
☒ Yes ☐ No* In form for advertising. 5/10/85
Final date for protests: _____
☐ Yes ☒ No Protests received. If yes, record information on 4th page of application.

FINAL REGIONAL PROCESSING REVIEW:

- ☒ Affidavit of publication received. Date: 4/4/85
☐ Application published correctly. If not, record action taken: _____
☒ Fee amount, receipt date & number, recorded on application.
☒ Publication dates and paper, recorded on application.
☒ Protests, dates, withdrawal, etc., recorded on application.
☒ Recommendation & initial, recorded on application.
☐ Yes ☒ No Measuring device required.
☐ Yes ☒ No Access port required.
☐ Yes ☒ No Will water be delivered by watermaster? If yes, what district? _____
☒ 4/23/85 Date of priority recommended.
Special conditions of approval or cover letter. _____

By: RMA Date: 6/11/85

STATE OFFICE REVIEW:

6/17 26 04

- ☐ See attached sheet for more information.

By: kw Date: 6/18/85

RECEIVED

JUN 14 1985

Department of Water Resources

HE-8428-

RECREATIONS UTILITY COMPANY INC.

P.O. BOX 993, SANDPOINT, ID 83864

Source: SPRING trib. to SCHWEITZER CREEK

Date Filed: 04/23/1985

Diversion Pt: NWSN Sec 20 T 58N R 02W

Use: COMMERCIAL (0.50 CFS)
DOMESTIC (0.50 CFS)

In: NWSN NESH SESW SWSW NWSE NESE SWSE SESE Sec 17 T 58N R 02W NNWN NENW SENW
SNNW NNNE NENE SENE SWNE NWSW NESH SESW SWSW Sec 20 T 58N R 02W NNWN NENW
SENN SNNW NNNE NENE SENE SWNE NWSW NESH SESW SWSW NWSE NESE SESE SWSE
Sec 21 T 58N R 02W NNWN NENW SENW SNNW NNNE NENE SENE SWNE
Sec 29 T 58N R 02W



STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

NORTHERN REGION

A. Kenneth Dunn
Director

Suite No. 9
4055 Government Way
Coeur d'Alene, Idaho 83814
(208) 667-6484

April 29, 1985

Divn. of Environment
2110 Ironwood Parkway
Coeur d'Alene, Id. 83814

Re: 96-0420 and 96-0426

Gentlemen:

Enclosed is information which may be of interest to your Agency relating to an application recently filed with the Department of Water Resources.

Sincerely,

ROBERT E. HAYNES, P.F.
Regional Supervisor

REH/pes

Enclosure

AFFIDAVIT OF PUBLICATION

State of Idaho

ss.

County of Bonner,

Pete Thompson being first duly sworn on oath deposes and says that he is publisher of the Sandpoint Daily Bee, a newspaper printed and published at Sandpoint, in Bonner County, Idaho; that the said newspaper has been continuously and uninterruptedly published in said Bonner County during a period of 12 months prior to the first publication of the hereto attached notice of publication in the case of Legal Notice

as it was published in the regular and entire issue of the said paper for a period of 2 consecutive weeks, commencing on 1 day of May, 1985 and ending on the 8 day of May, 1985 and that said notice was published in said newspaper.

Subscribed and sworn to before me this 11 day

of May, 1985

[Signature]
Notary Public for Idaho

Residing at Sandpoint, Idaho

NOTICE OF APPLICATION FOR WATER RIGHT

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

96-8427

IENIGER, EDWIN V.
22064 S. EVERGREEN DR.,
BEAVERCREEK, OR 97004
Source: GROUNDWATER
Date Filed: 04/22/1985
Diversion Pt: SWSW Sec 36 T57N R

02W
Use: DOMESTIC (0.10 CFS)
In: SWSW Sec 36 T57N R 02W

96-8428

RECREATIONS UTILITY COMPANY INC.,
P.O. BOX, 993, SANDPOINT, ID
83864
Source: SPRING trib. to
SCHWEITZER CREEK
Date Filed: 04/23/1985
Diversion Pt: NWSW Sec 20 T58N R

03W
Use: COMMERCIAL (0.50 CFS)
DOMESTIC (0.50 CFS)

In: NWSW NESW SESW SWSW
NWSE NESE SWSE SESE Sec 17 T
58N R 02W NWNW NENW SENW
SWNW NWNW NENE SENE SWNE
NWSW NESW SESW SWSW Sec 20 T
58N R 02W NWNW NENW SENW
SWNW NWNW NENE SENE SWNE
NWSW NESW SESW SWSW NWSE
NESE SESE SWSE Sec 21 T 58N R
02W NWNW NENW SENW SWNW
NWNW NENE SENE SWNE Sec 29 T
58N R 02W

96-8429

STACKHOUSE, DEAN
P.O. BOX 3, BLANCHARD, ID
83804

Source: UNNAMED STREAM trib.
to SINKS
Date Filed: 04/22/1985
Diversion Pt: NWNW Sec 14 T54N R
05W

Use: IRRIGATION (0.02 CFS)
STOCKWATER (0.02 CFS)
POWER (0.20 CFS)
DOMESTIC (0.02 CFS)

In: NWNW Sec 14 T54N R 05W FOR
1 ACRES

The permit(s) will be subject to all prior water rights. Protests must be filed with the Director, Dept. of Water Resources, 4055 Gov't. Way, Coeur d'Alene, Id. 83814 on or before MAY 20, 1985.

KEN DUNN, Dir.

7102 May 1, 8, 1985

RECEIVED

JUN 1 1985

Department of Water Resources
Northern District Office