

GIFT, TRANSFER AND ASSIGNMENT

This Gift, Transfer and Assignment Agreement ("Gift and Assignment Agreement") is entered into this 29 day of June, 2004 ("Effective Date") between RIVERBEND WATER COMPANY, an Idaho corporation, (hereinafter "RIVERBEND") and the city of POST FALLS, an Idaho municipal corporation ("CITY").

WHEREAS, RIVERBEND is comprised of Water Right No. 95-8572, lines, valves, fire hydrants and related appurtenances; and

WHEREAS, RIVERBEND is desirous of dissolving the corporation and, in preparation for that dissolution, to gift the water rights, lines, valves, fire hydrants and related appurtenances (hereinafter "WATER SYSTEM") owned by the corporation to CITY; and

WHEREAS, RIVERBEND has applied to the Idaho department of Water Resources for a change of use of the water from irrigation, stockwater, industrial and commercial use to municipal water; and

WHEREAS, CITY has inspected Water Company and has determined it was satisfactorily constructed and maintained; and

WHEREAS, CITY has determined that it is in the best interest of the public health, safety and welfare to accept the gift of the WATER SYSTEM and to provide water service to the customers previously served by RIVERBEND.

NOW, THEREFORE, in consideration of the foregoing and the promises set forth herein, the parties agree as follows:

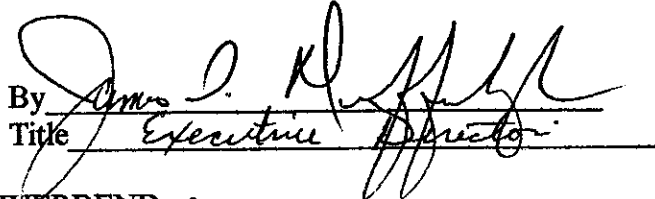
1. Gift. RIVERBEND hereby gifts, conveys, quitclaims, delivers, transfers and assigns unto CITY all right, title and interest in the WATER SYSTEM, including Water Right No. 95-8572, free and clear from liens and encumbrances.

2. Exhibit. Exhibit A, a list of the machinery and equipment being transferred, and Exhibit B, a map of the water lines being conveyed, are incorporated herein by this reference.

3. Acceptance. CITY accepts the gift of the WATER SYSTEM and agrees to assume the provision of water to the customers currently served by RIVERBEND through the water lines depicted in Exhibit B.

Dated this 29 day of June, 2004.

RIVERBEND WATER COMPANY

By 
Title Executive Director

CITY OF POST FALLS



Clay Larkin
Clay Larkin, Mayor

ATTEST:

Christene Pappas
Christene Pappas, City Clerk

STATE OF IDAHO)
 :SS
County of Kootenai)

On this 29th day of June 2004, before me, a Notary for the state of Idaho, personally appeared _____ known, or identified to me to be the Executive Director of the corporation that executed this instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the date and year in this certificate first above written.



Jennifer Anderson
Notary Public for the state of Idaho
Residing at: Coeur d'Alene, Idaho
Commission Expires: 12/19/09

STATE OF IDAHO)
 :SS
County of Kootenai)

On this ____ day of ____, 2004, before me, a Notary for the state of Idaho, personally appeared _____ and _____ known, or identified to me to be the Mayor and City Clerk, of the city of Post Falls, Kootenai County, Idaho, executing the herein instrument, and acknowledged to me that such city of Post Falls executed the same.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the

date and year in this certificate first above written.

Notary Public for the state of Idaho

Residing at:

Commission Expires: