

Roda, Evan

From: Michelle Silva <tccasst@davisoncopples.com>
Sent: Wednesday, January 4, 2023 7:50 AM
To: Roda, Evan
Subject: Dufort Water Association, Inc.
Attachments: 2023.01.04 - ID Dept of Water Resources.pdf; Complaint.pdf; 9.19.22 - Dufort billing.pdf; 8.2022 Dufort Financial Report.pdf; Dept of Environmental Quality.pdf; H2 Surveying.pdf

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Good morning Mr. Roda,

The attached correspondence and related documents are being sent to you pursuant to Mr. Copple's request.

Please do not hesitate to contact this office with any questions.

Thank you,

Michelle Silva

Legal Assistant to Terry C. Copple & Michael E. Band

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January 4, 2023

SENT VIA EMAIL ONLY

Idaho Department of Water Resources
Northern Regional Office
Attn: Evan W. Roda, Water Rights Supervisor
Coeur d'Alene, Idaho 83815
evan.roda@idwr.idaho.gov

Re: *Dufort Water Association, Inc.*

Dear Mr. Roda:

This office represents Willow Bay Marina and RV Resort LLC, owned by Ron Amundson, who are members of Dufort Water Association, Inc. ("Dufort Water"), and we are writing to you to provide you a copy of a Complaint which has recently been filed in Bonner County in the First Judicial District of Idaho.

Dufort Water has attempted through various means to deny its membership in Dufort Water because of its desire to prevent any members who use Dufort Water for commercial purposes. This is in direct violation of the organizational documents of Dufort Water and the rights of our client enjoyed by its property for many years, therefore precipitating the instant litigation.

One of the actions taken by The Crossing HOA, Inc. has been to try and take the water rights away from Dufort Water through the filing of its application with the Department as enclosed herewith. The filing of the application is wrongful because the HOA has never been conveyed the water rights.

The water rights of Dufort Water are owned by Dufort Water because it runs the system, pays for its maintenance and repairs from dues collected from its members, including our client, and bills the clients directly for the water. See, for example, the enclosed billing statements sent to our client from Dufort Water.

Our client owns the property that is the commercial user as was originally approved on October 26, 2010 by the Department of Environmental Quality, confirming the commercial use, and as shown by the Dufort Water System evaluation of October 26, 2010, performed by H2 Surveying, a copy of which is also enclosed.

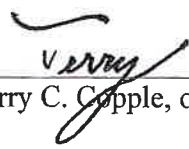
In any event, if Dufort Water does not own the water, then the individual to whom the water right was issued as the creator of Dufort Water would be the owner.

We are therefore providing you with this information and notice because of its relevance to the pending effort of the HOA to wrongfully take away the water rights of Dufort Water.

If you require any additional information or documents relative to our litigation and the claim of our client, please immediately contact this office. If you believe that our client should file a formal protest, then please advise.

Very truly yours,

DAVISON, COPPLE, COPPLE & COPPLE, LLP

By: 

Terry C. Copple, of the firm

TCC/ms
Enclosures

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Attorneys for Plaintiff Willow Bay Marina and RV Resort LLC

IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF BONNER

WILLOW BAY MARINA AND RV
RESORT LLC, an Idaho limited liability
company,

Plaintiff,

vs.

DUFORT WATER ASSOCIATION INC., an
Idaho corporation; THE CROSSING HOA,
INC., an Idaho corporation; GERARD
DOUGHERTY, individually and in his
capacity as director of The Crossing HOA,
Inc. and Dufort Water Association Inc.;
BURT QUICK, individually and in his
capacity as director of The Crossing HOA,
Inc. and Dufort Water Association Inc.;
LYNNE VAN TRIESTE, individually and in
her capacity as director of The Crossing HOA,
Inc. and Dufort Water Association Inc.;
PATTY COLE, individually and in her
capacity as director of The Crossing HOA,
Inc.; BOB O'BRIEN, individually and in his
capacity as director of The Crossing HOA,
Inc. and Dufort Water Association Inc.; and
DOES 1-10,

Defendants.

CV09-22-1752

Case No. _____

COMPLAINT

Filing Category: A

Filing Fee: \$221.00

* * *

COMES NOW the Plaintiff Willow Bay Marina and RV Resort LLC, an Idaho limited liability company (“Willow Bay Marina”), by and through its attorney of record, Terry C. Copple, of the firm Davison, Copple, Copple & Copple, LLP, of Boise, Idaho, and hereby alleges the following claims and causes of action against the above-captioned Defendants, jointly and severally:

INTRODUCTION

This litigation is instituted by Willow Bay Marina as a result of the wrongful extinguishment of its membership and voting rights in the Defendant Dufort Water Association Inc. (“Dufort Water”) water system (“Membership Interest”), which provides domestic water to the real property owned by Willow Bay Marina for its public marina, restaurant, residence, and vacant lots. As a result of the wrongful actions of Dufort Water orchestrated by the Defendant The Crossing HOA, Inc. (“HOA”) those Defendants engaged in a squeeze out plan designed by the HOA and Dufort Water to destroy the Membership Interest of Willow Bay Marina in order for the HOA and Dufort Water to acquire Willow Bay Marina’s Membership Interest in Dufort Water and prevent any commercial water user from having any membership interest in Dufort Water. This litigation seeks a determination of the Court that the actions of the Defendants, jointly and severally, are depriving Willow Bay Marina of its highly valuable Membership Interest for its water in a manner that is a breach of their contractual obligations and wrongful and therefore should be set aside, and for an award of damages, injunctive relief, costs and attorneys’ fees.

DOES 1 – 10

In addition to the Defendants listed above, Defendant Does 1-10 have been named as Defendants in this litigation, the names or identities which are unknown at this time but such Defendants are liable to Willow Bay Marina for conspiring with and acting in active concert with

Defendants to deprive Willow Bay Marina of its Membership Interest in Dufort Water. Willow Bay Marina therefore reserves the right to amend this Complaint at a later date in order to set forth their true names and identities and to recover damages against them.

FIRST COUNT

**BREACH OF DUFORT WATER ARTICLES OF INCORPORATION,
BYLAWS, AND RULES AND REGULATIONS
(DUFORT WATER)**

I.

Willow Bay Marina owns certain parcels of real property located in Bonner County as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. Except for Tract "D," all of the real property owned by Willow Bay Marina is located outside but adjacent to The Crossing residential real estate subdivision. The HOA is the homeowner's association created exclusively for the benefit of the owners in The Crossing subdivision. One parcel owned by Willow Bay Marina is designated as Tract "D" in The Crossing plat but has never been treated as part of the subdivision or the HOA, while the rest of its real property is adjacent to The Crossing subdivision. A photographic depiction of the real property owned by Willow Bay Marina in relationship to The Crossing residential subdivision is shown in Exhibit "B" attached hereto and incorporated herein by reference.

II.

Dufort Water was created on or about August 29, 2006, by the original developer of The Crossing subdivision in order to provide domestic water through a new private well system for the benefit of The Crossing residential subdivision and the surrounding property originally owned by the developer. This water company was required to be created in order to have domestic water service pursuant to Bonner County approval of the project. A true and accurate copy of the Articles of Incorporation of Dufort Water is attached hereto as Exhibit "C" and is incorporated herein by

reference. 103 parcels of residential and commercial property are served potable domestic water by Dufort Water.

III.

As provided in Section 7.2 of the foregoing original Dufort Water Articles, any person or an entity being served water by Dufort Water is automatically a member of Dufort Water with all of the rights of membership as set forth in those Articles and the other organizational documents of Dufort Water. Each member has substantial membership rights including the right to receive domestic water service, to vote on all matters coming before the membership, and to vote for appointment of members to the board of directors, as well as the right to receive any excess distributions of income from the water company as set forth in Section 6.1 of these original Articles.

IV.

The Articles of Incorporation of the HOA were filed with the Idaho Secretary of State's Office on or about August 2, 2006, for the purpose of providing an HOA for The Crossing residential subdivision. It was created in tandem with the creation of the foregoing Dufort Water so as to provide domestic water to all of the members of Dufort Water through wells and a large domestic water delivery system for the benefit of all of the members of the water company.

V.

On or about April 28, 2008, the Articles of Incorporation of Dufort Water were updated in the manner as set forth in Exhibit "D" attached hereto and incorporated herein by reference. In accordance with Section 7.2 of the updated Articles, it is provided that "Upon becoming a Member of the Association, the Member shall remain a Member thereof until such time as his/her service ceases for any reason, at which time his/her membership in the Association shall automatically

cease.” The updated Articles also confirmed the equal voting rights of members in Dufort Water and also provided in Section 9.2 that upon dissolution of Dufort Water, the assets of Dufort Water shall be distributed pro rata among the members after paying or making provisions of the payment of all liabilities. The updated Articles also reaffirmed in Section 7.2 that any individual or entity owning real property being “served” by the Association shall be a full member. Thus, it was specifically contemplated and arranged in the corporate organizational documents that neighboring property owners, such as Willow Bay Marina, served by Dufort Water would be equal members of the corporation in addition to lot owners in The Crossing residential subdivision.

VI.

On or about April 24, 2008, the Dufort Water Bylaws were updated as well and provided in pertinent part the following:

The right to membership in the Association and the right to water service shall run with the land and shall automatically vest in a successor interest to the real property served by the water system.

The Bylaws reaffirm the membership rights of members in Dufort Water and their right to vote on all matters coming before the water company membership.

VII.

Dufort Water also adopted on or about April 24, 2008, Rules and Regulations for the water service provided by the water company. A true and accurate copy of the Rules and Regulations is attached hereto as Exhibit “E.” Section 1.1.1 and Section 1.1.2 of the Rules confirm that the water company would be providing water service for both residential and commercial users. The commercial uses of Plaintiff Willow Bay Marina, consist of its marina, restaurant, recreational vehicle area and other residential and similar purposes. The Rules and Regulations state in Section 5.2 that in any litigation to enforce or interpret the rules, the prevailing party will

be entitled to an award of reasonable costs and attorneys' fees.

VIII.

The original developer of Dufort Water and The Crossing then constructed at its expense the actual Dufort Water system to provide a domestic water system through a series of wells and interconnected pipes and related apparatus to provide water to Willow Bay Marina's properties, other adjacent properties, as well as to the residential building lots located in The Crossing residential subdivision.

IX.

Willow Bay Marina's real property was hooked up to the system of Dufort Water by the original developer at the time of the development of the overall project and has consistently been receiving water from Dufort Water as intended for its commercial uses as a member. Willow Bay Marina and its predecessors in interest have regularly paid the water assessments and otherwise complied with all of the terms and conditions of being a member in good standing of Dufort Water. The fair market value of the real property owned by Willow Bay Marina would be rendered substantially useless and the value thereof materially destroyed if the membership rights of Willow Bay Marina were extinguished and its water service could be terminated to its properties as a non-member.

X.

Attached hereto and denoted as Exhibit "F" is a water survey of the Dufort Water system dated October 26, 2010, evaluating the Dufort Water system for the purposes of ensuring compliance with the requirements of the Idaho Department of Environmental Quality ("IDEQ"). This survey confirms that the water system was in compliance with Idaho law and that Willow Bay Marina's predecessor in interest, Willow Bay Holdings Properties, has fifteen (15) water

services, and that the Willow Bay View lots now owned by Willow Bay Marina has six (6) water services, thereby confirming its twenty-one (21) memberships with twenty-one (21) votes. At all times relevant to this litigation, Willow Bay Marina and its predecessors in interest paid for twenty-one (21) services. Willow Bay Marina's votes constitute the largest single block of votes in Dufort Water and contributes the largest amount of funds of any member to Dufort Water.

XI.

As a result of the foregoing, IDEQ approved of the water system as shown in Exhibit "G."

XII.

As a result of the assessments paid by its members, including Willow Bay Marina, Dufort Water had, over time, accumulated a substantial cash reserve in order to repair, maintain, and replace its domestic well system, including its piping and other improvements located within the residential subdivision and located outside the subdivision serving the real property of Willow Bay Marina and others. The Dufort Water system is an aging system and will continue to require substantial replacements and upgrades over time which will exceed the existing cash reserves on deposit of Dufort Water, which cash reserves are currently approximately \$200,000.00. See Exhibit "H" attached hereto.

XIII.

The HOA in contrast did not set aside sufficient funds to create a capital cash reserve fund for future maintenance, repairs, and replacements of the infrastructure of The Crossing residential subdivision. The HOA anticipates that there will be substantial costs and expenses to be incurred by the HOA in the future in replacing its numerous interior private streets and other HOA improvements, which the HOA is responsible to pay pursuant to its CC&Rs and organizational documents. The HOA currently must operate at a deficit and is in great need of additional funding

and cash reserves to meet its ongoing expenses and capital improvement requirements. See Exhibit “I” attached hereto and incorporated herein by reference.

XIV.

Willow Bay Marina is not a member of the HOA. As a result, Willow Bay Marina and other owners served by Dufort Water and located outside The Crossing residential subdivision have materially different and conflicting interests than those of the HOA members which has caused debates and contractual issues.

XV.

The HOA, acting through its board of directors and officers constituting the Defendants enumerated above, conceived of the plan of extinguishing all of the commercial Membership Interest of Willow Bay Marina in Dufort Water as a commercial user of water and then merging Dufort Water with the HOA in order to obtain all of the assets of Dufort Water and remove any commercial memberships as well as any dissenting voices in Dufort Water. Gerald Dougherty, Treasurer and member of the board of directors of the HOA and Dufort Water made the purpose of the squeeze out clear in a letter to all of the residential members of the HOA, wherein he stated the following:

“Without these key rights, property values and lifestyle will degrade and control of our community water supply will cede to commercial interests outside The Crossing. Ideas and discussion are eagerly encouraged so neighbors can engage in shaping how the community functions in healthy ways. Let’s chart a path to get there, together.” See Exhibit “J” attached hereto and incorporated herein by reference.

The purpose of this squeeze out plan is to unlawfully extinguish and thereby acquire the minority Membership Interest of Willow Bay Marina as a commercial user of the water. The beginning of the plan’s implementation by the HOA was for its board of directors as enumerated

above to become the same board of directors of Dufort Water and to then appoint the identical officers of the HOA as the same officers of Dufort Water, thereby securing total and absolute control of Dufort Water.

XVI.

The squeeze out of the minority Membership Interest of Willow Bay Marina was further implemented and effectuated by the HOA exercising its control over Dufort Water to extinguish all of the Membership Interest of Willow Bay Marina and all of its rights there without compensation to Willow Bay Marina at a “joint” meeting of the membership and boards of directors of the HOA and Dufort Water that occurred on November 30, 2022. The joint meeting was held to consider the merger of Dufort Water into the HOA without proper notice given to the membership and without compliance with the requirements of Idaho Code §§ 30-30-802 and 30-30-803. Willow Bay Marina did not receive notice of the meeting. At the meeting, the joint officers of Dufort Water and the HOA ruled that Willow Bay Marina was not a member and therefore had no vote. Upon the announcement that Willow Bay Marina had its Membership Interest extinguished, then a vote was taken to merge Dufort Water into the HOA. As a result of Willow Bay Marina not being able to vote because of the refusal of Dufort Water and the HOA to recognize its Membership Interest, the merger vote passed. The further affect of the merger of Dufort Water into the HOA was the position taken by those two entities that only a member owning a real estate lot within the confines of the HOA’s residential subdivision, The Crossing, could be a member, and therefore Willow Bay Marina’s preexisting Membership Interest was extinguished and void since it was not a member of the HOA. The HOA also had Dufort Water hire the HOA’s attorney in order that there would be no independent legal representation between the two entities despite their divergent interests.

XVII.

The extinguishment of the membership water rights of Willow Bay Marina occurred over the strenuous objections of Willow Bay Marina. See Exhibit “K” attached hereto and incorporated herein by reference.

XVIII.

The HOA has repeatedly tried to justify its minority member oppression and obtaining the assets of Dufort Water by explicitly admitting that it is doing so in order to rid itself of any votes by Willow Bay Marina as a commercial water user, save money, acquire Dufort Water’s assets, and remove differing opinions between the members of the HOA and Dufort Water. See memo from the HOA attached hereto as Exhibit “L” as well as the foregoing noted Exhibit “J” confirming the foregoing.

XIX.

By virtue of the foregoing actions, Willow Bay Marina has been materially damaged by the loss of its twenty-one (21) water membership rights in Dufort Water, its right to any distribution of assets upon any dissolution, loss of all of its twenty-one (21) voting rights in Dufort Water, thereby taking its right to vote for the appointment of members of the board of directors and the policies for its water service, loss of its right to water service as a member of Dufort Water, denial of its right to equal treatment as a member of Dufort Water, loss of its right to equal assessments for water service and equal treatment in any special assessments equal to other members, as well as the loss of other material rights. As a result of no longer being a member of Dufort Water, the actual damage sustained to Willow Bay Marina as a result of the attempted taking of its water rights through the extinguishing of its Membership Interest in Dufort Water is causing and will

continue to cause damage to Willow Bay Marina in excess of \$10,000.00 in an amount to be proven at trial and justify the relief set forth in the prayer hereof.

XX.

All of the foregoing actions constituting an unlawful and improper squeeze out of the minority Membership Interest of Willow Bay Marina are a breach and contractual violation of the Dufort Water Articles of Incorporation, Bylaws, Rules and Regulations of Dufort Water, and its membership contract, and by virtue thereof, are void and of no legal effect.

XXI.

As a result of the actions of the Defendants as alleged above, Willow Bay Marina is entitled to an award of reasonable costs and attorneys' fees pursuant to Idaho Code §§ 12-120 and 12-121, and the Articles, Bylaws and Rules and Regulations of Dufort Water.

SECOND COUNT

BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING (DUFORT WATER)

The Plaintiff realleges the allegations set forth in the First Count above, and further alleges the following:

I.

The membership of Willow Bay Marina in Dufort Water was pursuant to the contracts expressed in the Articles of Incorporation, Bylaws, Rules and Regulations, and the vesting of the membership rights in Willow Bay Marina, and by virtue of the wrongful acts and omissions of Defendants as previously described, such acts and omissions have caused a breach of such instruments and obligations owed to Willow Bay Marina and of the implied covenant of good faith and fair dealing imposed upon Defendant Dufort Water to avoid taking any act or failing to act

that would destroy or impair the membership water rights of Willow Bay Marina as a full member of Dufort Water in good standing.

II.

By virtue thereof, Willow Bay Marina has been damaged in an amount in excess of Ten Thousand and 00/100 Dollars (\$10,000.00) to be proven at trial and justifying the judicial relief as set forth in the prayer hereof.

III.

As a result of the actions of the Defendant as alleged above, Willow Bay Marina is entitled to an award of reasonable costs and attorneys' fees pursuant to Idaho Code §§ 12-120 and 12-121, and the Articles, Bylaws and Rules and Regulations of Dufort Water.

THIRD COUNT
BREACH OF FIDUCIARY DUTY
(ALL DEFENDANTS)

The Plaintiff realleges the allegations set forth in the First and Second Count above, and further alleges the following:

I.

Defendants herein, jointly and severally, owe a fiduciary duty to Willow Bay Marina as a minority member and as a result of their conflicting positions as controlling entities, directors and officers of Dufort Water and the HOA. Because of the acts and omissions of the Defendants as previously described, and in failing to take appropriate actions to protect Willow Bay Marina from having its membership interest extinguished and thereby destroying its water rights for its various properties as described herein, such Defendants have violated their fiduciary duty to Willow Bay Marina as well as violated Idaho Code §§ 30-30-619 and 30-30-618. The individually named Defendants in this litigation have acted as directors and officers of both the HOA and Dufort Water

and conspired with one another and with Dufort Water and the HOA to deprive Willow Bay Marina of its Membership Interest and rights and thus are jointly and severally liable to Willow Bay Marina for all of the acts and omissions as set forth herein which were taken in furtherance of the joint plan and conspiracy to take and convert the Membership Interest and rights of Willow Bay Marina in breach of its rights.

II.

By virtue thereof, Willow Bay Marina has been damaged in an amount in excess of Ten Thousand and 00/100 Dollars (\$10,000.00) to be proven at trial and justifying the judicial relief as set forth in the prayer hereof.

III.

As a result of the actions of the Defendants as alleged above, Willow Bay Marina is entitled to an award of reasonable costs and attorneys' fees pursuant to Idaho Code §§ 12-120 and 12-121, and the Bylaws and Rules and Regulations of Dufort Water.

FOURTH COUNT
STATUTORY VIOLATIONS
(ALL DEFENDANTS)

The Plaintiff realleges the allegations set forth in the First, Second, and Third Count above, and further alleges the following:

I.

The unlawful and improper extinguishment of the membership rights of Willow Bay Marina in the manner as previously described violates Idaho Code §§ 30-30-404 and 30-30-409 because the extinguishment of the membership rights of Willow Bay Marina was not in compliance with the foregoing statutory provisions and therefore such actions are void and should be set aside and declared of no force and effect.

II.

The foregoing actions further violate Idaho Code § 65-3202 as an expression of the strong public policy of the State of Idaho to ensure the transparent operations and inclusive management of homeowners' associations and protecting the rights of individual members and ensuring due process.

III.

By virtue thereof, Willow Bay Marina has been damaged in an amount in excess of Ten Thousand and 00/100 Dollars (\$10,000.00) to be proven at trial and justifying the judicial relief as set forth in the prayer hereof.

IV.

As a result of the actions of the Defendants as alleged above, Willow Bay Marina is entitled to an award of reasonable costs and attorneys' fees pursuant to Idaho Code §§ 12-120 and 12-121, and the Bylaws and Rules and Regulations of Dufort Water

FIFTH COUNT

**SQUEEZE OUT BY OPPRESSION OF MINORITY MEMBER
(ALL DEFENDANTS)**

The Plaintiff realleges the allegations set forth in the First, Second, Third and Fourth Count above, and further alleges the following:

I.

Defendants collectively have engaged in acts of oppression in order to squeeze out and extinguish Willow Bay Marina's Membership Interest and associated water rights for its properties through the exercise of oppressive, unjustified, and wrongful acts of manipulating Dufort Water to extinguish the Membership Rights of Willow Bay Marina, all to its damage as previously described. The Defendants, jointly and severally, have conspired to deprive Willow Bay Marina

of its Membership Interest by terminating its membership, refusing to allow Willow Bay Marina to vote at meetings, merging Dufort Water with the HOA thereby requiring that only lot owners in the residential subdivision can be a member of Dufort Water, refusing to provide valid notice of upcoming meetings of Dufort Water, all in violation of the organizational documents of Dufort Water, which acts were all intentional and deliberate.

II.

By virtue thereof, Willow Bay Marina has been damaged in an amount in excess of Ten Thousand and 00/100 Dollars (\$10,000.00) to be proven at trial and justifying the judicial relief as set forth in the prayer hereof voiding the merger and extinguishment of Willow Bay Marina's Membership Interest.

III.

As a result of the actions of the Defendants as alleged above, Willow Bay Marina is entitled to an award of reasonable costs and attorneys' fees pursuant to Idaho Code §§ 12-120 and 12-121, and the Bylaws and Rules and Regulations of Dufort Water.

SIXTH COUNT
INJUNCTIVE RELIEF
(ALL DEFENDANTS)

The Plaintiff realleges the allegations set forth in the First, Second, Third, Fourth and Fifth Count above, and further alleges the following:

I.

The Defendants' actions in attempting to extinguish the rights of Willow Bay Marina and causing the merger of the HOA and Dufort Water have interfered with the substantial property rights of Willow Bay Marina as a member of Dufort Water.

II.

Unless preliminarily and/or permanently enjoined by this Court, the Defendants' actions will result in the permanent loss and denial to Willow Bay Marina of its membership rights and the right to enjoy the benefits of such membership, which will persist to Willow Bay Marina's irreparable injury. The threat of continuing and future injury to Willow Bay Marina's property rights as a member requires injunctive relief to prevent Defendants' continuing wrongful actions in this case and to mitigate the damages and injuries sustained by Willow Bay Marina.

III.

Willow Bay Marina has no plain, adequate or speedy remedy at law because the harm caused to Willow Bay Marina arising from the denial of its membership rights by the Defendants' actions can never be fully remedied with an award of money damages and because the continued acts and omissions of Defendants would render any judgment in this matter ineffectual or impair the ability of Willow Bay Marina to protect its rights and enforce a judgment of this Court.

IV.

As a result of the actions of the Defendants as alleged above, Willow Bay Marina is entitled to an award of reasonable costs and attorneys' fees pursuant to Idaho Code §§ 12-120 and 12-121, and the Bylaws and Rules and Regulations of Dufort Water.

SEVENTH COUNT
UNJUST ENRICHMENT
(HOA)

The Plaintiff realleges the allegations set forth in the First, Second, Third, Fourth, Fifth and Sixth Count above, and further alleges the following as alternative relief:

I.

The acts and omissions of the Defendants as previously described in acquiring the

Membership Interest of Willow Bay Marina by immediately terminating those rights and causing the interest of Willow Bay Marina in Dufort Water to be acquired by the HOA in violation of the rights of Willow Bay Marina constitute acts of unjust enrichment, improperly benefiting the HOA and its members at the expense of Willow Bay Marina, and it would be unjust and inequitable for the Defendants to obtain the benefits of Willow Bay Marina's Membership Interest and the assets of Dufort Water, and thus the Court should enter judgment in favor of Willow Bay Marina for those damages equal to the amount of such unjust enrichment in excess of \$10,000.00, plus prejudgment interest thereon as provided by law.

II.

As a result of the actions of the Defendants as described above, Willow Bay Marina is entitled to an award of reasonable costs and attorneys' fees pursuant to Idaho Code §§ 12-120 and 12-121, and the Bylaws and Rules and Regulations of Dufort Water.

EIGHTH COUNT
DECLARATORY RELIEF
(DUFORT WATER AND HOA)

The Plaintiff realleges the allegations set forth in the First, Second, Third, Fourth, Fifth, Sixth and Seventh Counts above, and further alleges the following relief.

I.

An actual, real and substantial legal controversy exists between Willow Bay Marina and Dufort Water and the HOA with respect to whether Willow Bay Marina is a member in good standing with Dufort Water and whether the actions of the Defendants wrongfully terminated Willow Bay Marina's Membership Interest in Dufort Water.

II.

Willow Bay Marina seeks a judicial determination of its rights pursuant to its membership

interest in Dufort Water and upon such determination being held, Willow Bay Marina asks that the Court declare at least the following:

- a. Willow Bay Marina and its predecessors in interest have at all times been members in good standing of Dufort Water as a result of the connections to the water system of Dufort Water; and
- b. Such membership in Dufort Water consists of 21 memberships as a result of the 21 services provided to Willow Bay Marina's real property as currently in place; and
- c. Willow Bay Marina was at all times and is entitled to notices of meetings of Dufort Water and entitled to 21 votes as a result of its service connections; and
- d. The termination of Willow Bay Marina's membership interest was a violation of its rights in Dufort Water.

II.

A judicial declaration is necessary and appropriate at this time under the above circumstances set forth in this litigation in order to protect Willow Bay Marina's rights as a member of Dufort Water and to protect those rights on a go forward basis to resolve the dispute between the parties between the parties.

III.

As a result of the actions of the Defendants as described above, Willow Bay Marina is entitled to an award of reasonable costs and attorneys' fees pursuant to Idaho Code §§ 12-120 and 12-121, and the Bylaws and Rules and Regulations of Dufort Water.

RESERVATION OF RIGHT TO CLAIM PUNITIVE DAMAGES

Willow Bay Marina reserves the right to amend this Complaint at a later date, pursuant to Idaho Code § 6-1604 to allege a claim for punitive damages as a result of the unjustified, malicious, wanton, intentional and outrageous acts and omissions of Defendants.

WHEREFORE, Willow Bay Marina prays that judgment be entered against Defendants, jointly and severally, as follows:

1. For a judgment by this Court that the Defendants' oppression and extinguishment of Willow Bay Marina's Membership Interest was wrongful and a violation of the Dufort Water organizational documents and the contractual rights of Willow Bay Marina and thus such membership rights be immediately ordered restored to Willow Bay Marina, and voiding the merger of the HOA and Dufort Water in order that the separate status of the two entities be restored and preserved; and

2. A judgment compelling Dufort Water to specifically perform its obligations to Willow Bay Marina as an equal member in Dufort Water, including restoring Willow Bay Marina to its full twenty-one (21) voting rights, equal treatment in assessments, and other benefits equal to that of all other members of Dufort Water who are in good standing; and

3. For the entry of a temporary restraining order and preliminary injunction to preserve Dufort Water's full membership rights during the pendency of this litigation, and to prevent any further acts by the Defendants to destroy the rights of Willow Bay Marina; and

4. For the entry of a declaratory judgment and determination of the following:

- a. Willow Bay Marina and its predecessors in interest have at all times been members in good standing of Dufort Water as a result of the connections to the water system of Dufort Water; and
- b. Such membership in Dufort Water consists of 21 memberships as a result of the 21 services provided to Willow Bay Marina's real property as currently in place; and
- c. Willow Bay Marina was at all times and is entitled to notices of meetings of Dufort Water and entitled to 21 votes as a result of its service connections; and
- d. The termination of Willow Bay Marina's membership interest was a violation of its rights in Dufort Water.

5. For an award of damages to be proven at trial, plus accruing interest on such damages, pre-judgment and post-judgment at the rate of interest as provided by law; and

6. For an award of costs and attorney' fees in the amount of \$25,000.00 if any Defendant fails to contest this litigation, and for reasonable costs and attorneys' fees if contested by the Defendants; and

7. For such other and further relief as the Court deems just and proper.

DATED this 23rd day of December, 2022.

DAVISON, COPPLE, COPPLE & COPPLE, LLP

By: /s/Terry C. Copple
Terry C. Copple, of the firm
Attorneys for Plaintiff

VERIFICATION

RON AMUNDSON, being duly sworn, states as follows:

I am the manager of the Plaintiff, Willow Bay Marina and RV Resort, LLC, and I have reviewed the foregoing Complaint, and I certify under penalty of perjury pursuant to the laws of the State of Idaho that the facts therein stated are true and correct based upon my own personal knowledge and belief.

DATED this 22 day of Dec., 2022.



Ron Amundson

EXHIBIT “A”

Tract D, The Crossing, according to the plat thereof, recorded in Book 8 of Plats, Page 124, records of Bonner County, Idaho.

PARCEL 1:

A TRACT OF LAND LOCATED IN GOVERNMENT LOT 4, SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4;

THENCE NORTH 89°56'36" WEST ALONG THE SOUTHERLY LINE OF SAID GOVERNMENT LOT 4, 800.00 FEET TO THE SOUTHWESTERLY CORNER OF SAID GOVERNMENT LOT 4;

THENCE NORTHERLY ALONG THE WESTERLY LINE OF SAID GOVERNMENT LOT 4 TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE OF SAID GOVERNMENT LOT 4;

THENCE NORTHEASTERLY ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH A LINE BEARING NORTH 00°38'24" WEST FROM THE POINT OF BEGINNING;

THENCE SOUTH 00°38'24" EAST, PARALLEL WITH THE EAST LINE OF SAID GOVERNMENT LOT 4 TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL:

THAT PORTION OF GOVERNMENT LOT 4, SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4 AS MONUMENTED WITH A 1/2" REBAR IN CONCRETE, SAID SOUTHWEST CORNER BEARING NORTH 89°56'36" WEST 1338.42 FEET FROM THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 4 AND SAID SECTION;

THENCE NORTH 00°38'24" WEST ALONG THE WESTERLY LINE OF SAID GOVERNMENT LOT 4 A DISTANCE OF 10.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 69°50'25" EAST 159.15 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND 150.00 FEET OFFSET FROM THE SAID WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTH 00°38'24" WEST ALONG SAID PARALLEL LINE 346.72 FEET MORE OR LESS TO THE ORIGINAL GLO MEANDER LINE FOR SAID GOVERNMENT LOT 4;

THENCE SOUTH 80°06'19" WEST ALONG SAID MEANDER LINE 151.98 FEET MORE OR LESS TO A POINT ON THE SAID WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE SOUTH 00°38'24" WEST ALONG SAID WESTERLY LINE 375.45 FEET MORE OR LESS TO THE SAID TRUE POINT OF BEGINNING.

PARCEL 2:

LOT 2 OF WILLOW BAY VIEW LOTS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO.

AND

THAT PORTION OF THE FOLLOWING DESCRIBED PROPERTY LYING EAST OF THE COMMON PLATTED BOUNDARY LINE BETWEEN LOTS 2 AND 3 OF SAID WILLOW BAY VIEW LOTS, EXTENDED NORTHERLY FROM SAID PLAT:

A PORTION OF GOVERNMENT LOT 4 OF SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, A DISTANCE OF 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4 (SAID POINT ALSO BEING NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET FROM THE SOUTHEAST CORNER OF SECTION 36);

THENCE NORTH 00°38'24" WEST, A DISTANCE OF 764.36 FEET TO A POINT;

THENCE CONTINUING NORTH 00°38'24" WEST TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE ALONG THE LEFT BANK OF THE PEND OREILLE RIVER;

THENCE SOUTHWESTERLY ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH THE WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF GOVERNMENT LOT 4 TO ITS INTERSECTION WITH THE NATURAL NORMAL HIGH WATER LINE ALONG THE LEFT (SOUTHERLY) BANK OF THE PEND OREILLE RIVER AS EXISTING PRIOR TO THE ALBENI FALLS DAM (AND AS DEPICTED ON A SURVEY RECORDED MAY 24, 1993 AS INSTRUMENT NO. 425128, RECORDS OF BONNER COUNTY, IDAHO);

THENCE NORTHEASTERLY ALONG SAID NATURAL NORMAL HIGH WATER LINE TO ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 36;

THENCE SOUTH 00°38'24" EAST ALONG SAID EAST LINE OF SAID SECTION 36 TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF WILLOW BAY VIEW LOTS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO.

ALSO EXCEPTING THE EAST 132 FEET OF THE DESCRIBED PARCEL.

PARCEL 3:

LOT 3 OF WILLOW BAY VIEW LOTS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO.

AND

THAT PORTION OF THE FOLLOWING DESCRIBED PROPERTY LYING WEST OF THE COMMON PLATTED BOUNDARY LINE BETWEEN LOTS 2 AND 3 OF SAID WILLOW BAY VIEW LOTS, EXTENDED NORTHERLY FROM SAID PLAT AND LYING EAST OF THE PLATTED LINE ON THE WEST SIDE OF SAID LOT 3, EXTENDED NORTHERLY FROM SAID PLAT:

A PORTION OF GOVERNMENT LOT 4 OF SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, A DISTANCE OF 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4 (SAID POINT ALSO BEING NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET FROM THE SOUTHEAST CORNER OF SECTION 36);

THENCE NORTH 00°38'24" WEST, A DISTANCE OF 764.36 FEET TO A POINT;

THENCE CONTINUING NORTH 00°38'24" WEST TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE ALONG THE LEFT BANK OF THE PEND OREILLE RIVER;

THENCE SOUTHWESTERLY ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH THE

WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF GOVERNMENT LOT 4 TO ITS INTERSECTION WITH THE NATURAL NORMAL HIGH WATER LINE ALONG THE LEFT (SOUTHERLY) BANK OF THE PEND OREILLE RIVER AS EXISTING PRIOR TO THE ALBENI FALLS DAM (AND AS DEPICTED ON A SURVEY RECORDED MAY 24, 1993 AS INSTRUMENT NO. 425128, RECORDS OF BONNER COUNTY, IDAHO);

THENCE NORTHEASTERLY ALONG SAID NATURAL NORMAL HIGH WATER LINE TO ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 36;

THENCE SOUTH 00°38'24" EAST ALONG SAID EAST LINE OF SAID SECTION 36 TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF WILLOW BAY VIEW LOTS, ACCORDING TO THE PLAT THEREOF, RECORDED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO.

ALSO EXCEPTING THE EAST 132 FEET OF THE DESCRIBED PARCEL.

ALSO EXCEPTING THE WEST 600 FEET OF THE DESCRIBED PARCEL.

PARCEL 4:

THAT PORTION OF THE WEST 600 FEET OF GOVERNMENT LOT 4, SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4, SAID POINT ALSO BEING NORTH 89°56'36" WEST 538.25 FEET FROM THE SOUTHEAST CORNER OF SECTION 36;

THENCE NORTH 00°38'24" WEST 764.36 FEET TO A POINT;

THENCE CONTINUING NORTH 00°38'24" WEST TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE ALONG THE LEFT BANK OF THE PEND OREILLE RIVER;

THENCE SOUTHWESTERLY, ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH THE WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTHERLY, ALONG SAID WESTERLY LINE OF GOVERNMENT LOT 4, TO ITS INTERSECTION WITH THE NATURAL NORMAL HIGH WATER LINE ALONG THE LEFT (SOUTHERLY) BANK OF THE PEND OREILLE RIVER AS EXISTING PRIOR TO ALBENI FALLS DAM (AND AS DEPICTED ON A SURVEY RECORDED ON MAY 24, 1993 AS INSTRUMENT NUMBER 425128, RECORDS OF BONNER COUNTY, IDAHO);

THENCE NORTHEASTERLY, ALONG SAID NATURAL NORMAL HIGH WATER LINE TO ITS INTERSECTION WITH THE EAST LINE OF THE SECTION 36;

THENCE SOUTH 00°38'24" EAST, ALONG SAID EAST LINE OF THE SECTION 36 TO THE SOUTHEAST CORNER THEREOF; THENCE NORTH 89°56'36" WEST 538.25 FEET TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF THE CROSSING ACCORDING TO THE PLAT THEREOF, RECORDED IN BOOK 8 OF PLATS, PAGE 124, RECORDS OF BONNER COUNTY, IDAHO.

AND

THAT PORTION OF GOVERNMENT LOT 3 IN SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING EAST OF THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED NORTH 01°37'01" EAST A DISTANCE OF 318.30 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 3;

THENCE SOUTH 86°25'09" EAST, 70.74 FEET;

THENCE NORTH 08°35'54" EAST, 92.93 FEET;

THENCE NORTH 14°07'42" EAST, 87.66 FEET;

THENCE NORTH 35°19'35" EAST, 75.86 FEET;

THENCE SOUTH 76°04'02" WEST, 139.10 FEET;

THENCE SOUTH 04°12'00" WEST, 201.40 FEET TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF THE CROSSING ACCORDING TO THE PLAT THEREOF, RECORDED IN BOOK 8 OF PLATS, PAGE 124, RECORDS OF BONNER COUNTY, IDAHO.

PARCEL 5:

GOVERNMENT LOT 4 OF SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY IDAHO, LYING NORTH OF THE GOVERNMENT MEANDER LINE AND SOUTH OF THE NATURAL NORMAL HIGH WATER LINE OF THE PEND OREILLE RIVER;

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF WILLOW BAY VIEW LOTS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO;

ALSO EXCEPT THE WEST 600 FEET OF THE DESCRIBED PARCEL;

ALSO EXCEPT THE EAST 132 FEET OF THE DESCRIBED PARCEL;

ALSO EXCEPT THE FOLLOWING DESCRIBED PARCEL:

THAT PORTION OF THE FOLLOWING DESCRIBED PROPERTY LYING BETWEEN LOTS 2 AND 3 OF SAID WILLOW BAY VIEW LOTS, EXTENDED NORTHERLY FROM SAID PLAT:

A PORTION OF GOVERNMENT LOT 4 OF SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, A DISTANCE OF 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4 (SAID POINT ALSO BEING NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET FROM THE SOUTHEAST CORNER OF SECTION 36);

THENCE NORTH 00°38'24" WEST, A DISTANCE OF 764.36 FEET TO A POINT;

THENCE CONTINUING NORTH 00°38'24" WEST TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE ALONG THE LEFT BANK OF THE PEND OREILLE RIVER;

THENCE SOUTHWESTERLY ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH THE WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF GOVERNMENT LOT 4 TO ITS INTERSECTION WITH THE NATURAL NORMAL HIGH WATER LINE ALONG THE LEFT (SOUTHERLY) BANK OF THE PEND OREILLE RIVER AS EXISTING PRIOR TO THE ALBENI FALLS DAM (AND AS DEPICTED ON A SURVEY RECORDED MAY 24, 1993 AS INSTRUMENT NO. 425128, RECORDS OF BONNER COUNTY, IDAHO);

THENCE NORTHEASTERLY ALONG SAID NATURAL NORMAL HIGH WATER LINE TO ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 36;

THENCE SOUTH 00°38'24" EAST ALONG SAID EAST LINE OF SAID SECTION 36 TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET TO THE POINT OF BEGINNING.

SUBJECT TO all easements, right of ways, covenants, restrictions, reservations, applicable building and zoning ordinances and use regulations and restrictions of record, and payment of accruing present year taxes and assessments as agreed to by parties above.

TO HAVE AND TO HOLD the said premises, with its appurtenances, unto the said Grantee, and to the Grantee's heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that the Grantor is the owner in fee simple of said premises; that said premises are free from all encumbrances except current years taxes, levies, and assessments, and except U.S. Patent reservations, restrictions, easements of record and easements visible upon the premises, and that Grantor will warrant and defend the same from all claims whatsoever.

PARCEL 1:

A TRACT OF LAND LOCATED IN GOVERNMENT LOT 4, SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4;

THENCE NORTH 89°56'36" WEST ALONG THE SOUTHERLY LINE OF SAID GOVERNMENT LOT 4, 800.00 FEET TO THE SOUTHWESTERLY CORNER OF SAID GOVERNMENT LOT 4;

THENCE NORTHERLY ALONG THE WESTERLY LINE OF SAID GOVERNMENT LOT 4 TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE OF SAID GOVERNMENT LOT 4;

THENCE NORTHEASTERLY ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH A LINE BEARING NORTH 00°38'24" WEST FROM THE POINT OF BEGINNING;

THENCE SOUTH 00°38'24" EAST, PARALLEL WITH THE EAST LINE OF SAID GOVERNMENT LOT 4 TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCEL:

THAT PORTION OF GOVERNMENT LOT 4, SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4 AS MONUMENTED WITH A 1/2" REBAR IN CONCRETE, SAID SOUTHWEST CORNER BEARING NORTH 89°56'36" WEST 1338.42 FEET FROM THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 4 AND SAID SECTION;

THENCE NORTH 00°38'24" WEST ALONG THE WESTERLY LINE OF SAID GOVERNMENT LOT 4 A DISTANCE OF 10.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 69°50'25" EAST 159.15 FEET TO A POINT ON A LINE THAT IS PARALLEL WITH AND 150.00 FEET OFFSET FROM THE SAID WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTH 00°38'24" WEST ALONG SAID PARALLEL LINE 346.72 FEET MORE OR LESS TO THE ORIGINAL GLO MEANDER LINE FOR SAID GOVERNMENT LOT 4;

THENCE SOUTH 80°06'19" WEST ALONG SAID MEANDER LINE 151.98 FEET MORE OR LESS TO A POINT ON THE SAID WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE SOUTH 00°38'24" WEST ALONG SAID WESTERLY LINE 375.45 FEET MORE OR LESS TO THE SAID TRUE POINT OF BEGINNING.

PARCEL 2:

LOT 2 OF WILLOW BAY VIEW LOTS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO.

AND

THAT PORTION OF THE FOLLOWING DESCRIBED PROPERTY LYING EAST OF THE COMMON PLATTED BOUNDARY LINE BETWEEN LOTS 2 AND 3 OF SAID WILLOW BAY VIEW LOTS, EXTENDED NORTHERLY FROM SAID PLAT:

A PORTION OF GOVERNMENT LOT 4 OF SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, A DISTANCE OF 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4 (SAID POINT ALSO BEING NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET FROM THE SOUTHEAST CORNER OF SECTION 36);

THENCE NORTH 00°38'24" WEST, A DISTANCE OF 764.36 FEET TO A POINT;

THENCE CONTINUING NORTH 00°38'24" WEST TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE ALONG THE LEFT BANK OF THE PEND OREILLE RIVER;

THENCE SOUTHWESTERLY ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH THE WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF GOVERNMENT LOT 4 TO ITS INTERSECTION WITH THE NATURAL NORMAL HIGH WATER LINE ALONG THE LEFT (SOUTHERLY) BANK OF THE PEND OREILLE RIVER AS EXISTING PRIOR TO THE ALBENI FALLS DAM (AND AS DEPICTED ON A SURVEY RECORDED MAY 24, 1993 AS INSTRUMENT NO. 425128, RECORDS OF BONNER COUNTY, IDAHO);

THENCE NORTHEASTERLY ALONG SAID NATURAL NORMAL HIGH WATER LINE TO ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 36;

THENCE SOUTH 00°38'24" EAST ALONG SAID EAST LINE OF SAID SECTION 36 TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF WILLOW BAY VIEW LOTS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO.

ALSO EXCEPTING THE EAST 132 FEET OF THE DESCRIBED PARCEL.

PARCEL 3:

LOT 3 OF WILLOW BAY VIEW LOTS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO.

AND

THAT PORTION OF THE FOLLOWING DESCRIBED PROPERTY LYING WEST OF THE COMMON PLATTED BOUNDARY LINE BETWEEN LOTS 2 AND 3 OF SAID WILLOW BAY VIEW LOTS, EXTENDED NORTHERLY FROM SAID PLAT AND LYING EAST OF THE PLATTED LINE ON THE WEST SIDE OF SAID LOT 3, EXTENDED NORTHERLY FROM SAID PLAT:

A PORTION OF GOVERNMENT LOT 4 OF SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, A DISTANCE OF 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4 (SAID POINT ALSO BEING NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET FROM THE SOUTHEAST CORNER OF SECTION 36);

THENCE NORTH 00°38'24" WEST, A DISTANCE OF 764.36 FEET TO A POINT;

THENCE CONTINUING NORTH 00°38'24" WEST TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE ALONG THE LEFT BANK OF THE PEND OREILLE RIVER;

THENCE SOUTHWESTERLY ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH THE WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF GOVERNMENT LOT 4 TO ITS INTERSECTION WITH THE NATURAL NORMAL HIGH WATER LINE ALONG THE LEFT (SOUTHERLY) BANK OF THE PEND OREILLE RIVER AS EXISTING PRIOR TO THE ALBENI FALLS DAM (AND AS DEPICTED ON A SURVEY RECORDED MAY 24, 1993 AS INSTRUMENT NO. 425128, RECORDS OF BONNER COUNTY, IDAHO);

THENCE NORTHEASTERLY ALONG SAID NATURAL NORMAL HIGH WATER LINE TO ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 36;

THENCE SOUTH 00°38'24" EAST ALONG SAID EAST LINE OF SAID SECTION 36 TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF WILLOW BAY VIEW LOTS, ACCORDING TO THE PLAT THEREOF, RECORDED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO.

ALSO EXCEPTING THE EAST 132 FEET OF THE DESCRIBED PARCEL.

ALSO EXCEPTING THE WEST 600 FEET OF THE DESCRIBED PARCEL.

PARCEL 4:

THAT PORTION OF THE WEST 600 FEET OF GOVERNMENT LOT 4, SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4, SAID POINT ALSO BEING NORTH 89°56'36" WEST 538.25 FEET FROM THE SOUTHEAST CORNER OF SECTION 36;

THENCE NORTH 00°38'24" WEST 764.36 FEET TO A POINT;

THENCE CONTINUING NORTH 00°38'24" WEST TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE ALONG THE LEFT BANK OF THE PEND OREILLE RIVER;

THENCE SOUTHWESTERLY, ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH THE WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTHERLY, ALONG SAID WESTERLY LINE OF GOVERNMENT LOT 4, TO ITS INTERSECTION WITH THE NATURAL NORMAL HIGH WATER LINE ALONG THE LEFT (SOUTHERLY) BANK OF THE PEND OREILLE RIVER AS EXISTING PRIOR TO ALBENI FALLS DAM (AND AS DEPICTED ON A SURVEY RECORDED ON MAY 24, 1993 AS INSTRUMENT NUMBER 425128, RECORDS OF BONNER COUNTY, IDAHO);

THENCE NORTHEASTERLY, ALONG SAID NATURAL NORMAL HIGH WATER LINE TO ITS INTERSECTION WITH THE EAST LINE OF THE SECTION 36;

THENCE SOUTH 00°38'24" EAST, ALONG SAID EAST LINE OF THE SECTION 36 TO THE SOUTHEAST CORNER THEREOF; THENCE NORTH 89°56'36" WEST 538.25 FEET TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF THE CROSSING ACCORDING TO THE PLAT THEREOF, RECORDED IN BOOK 8 OF PLATS, PAGE 124, RECORDS OF BONNER COUNTY, IDAHO.

AND

THAT PORTION OF GOVERNMENT LOT 3 IN SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING EAST OF THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT LOCATED NORTH 01°37'01" EAST A DISTANCE OF 318.30 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 3;

THENCE SOUTH 86°25'09" EAST, 70.74 FEET;

THENCE NORTH 08°35'54" EAST, 92.93 FEET;

THENCE NORTH 14°07'42" EAST, 87.66 FEET;

THENCE NORTH 35°19'35" EAST, 75.86 FEET;

THENCE SOUTH 76°04'02" WEST, 139.10 FEET;

THENCE SOUTH 04°12'00" WEST, 201.40 FEET TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF THE CROSSING ACCORDING TO THE PLAT THEREOF, RECORDED IN BOOK 8 OF PLATS, PAGE 124, RECORDS OF BONNER COUNTY, IDAHO.

PARCEL 5:

GOVERNMENT LOT 4 OF SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY IDAHO, LYING NORTH OF THE GOVERNMENT MEANDER LINE AND SOUTH OF THE NATURAL NORMAL HIGH WATER LINE OF THE PEND OREILLE RIVER;

EXCEPT ANY PORTION LYING WITHIN THE PLAT OF WILLOW BAY VIEW LOTS, ACCORDING TO THE OFFICIAL PLAT THEREOF, FILED IN BOOK 5 OF PLATS, PAGE 69, RECORDS OF BONNER COUNTY, IDAHO;

ALSO EXCEPT THE WEST 600 FEET OF THE DESCRIBED PARCEL;

ALSO EXCEPT THE EAST 132 FEET OF THE DESCRIBED PARCEL;

ALSO EXCEPT THE FOLLOWING DESCRIBED PARCEL:

THAT PORTION OF THE FOLLOWING DESCRIBED PROPERTY LYING BETWEEN LOTS 2 AND 3 OF SAID WILLOW BAY VIEW LOTS, EXTENDED NORTHERLY FROM SAID PLAT:

A PORTION OF GOVERNMENT LOT 4 OF SECTION 36, TOWNSHIP 56 NORTH, RANGE 4 WEST, BOISE MERIDIAN, BONNER COUNTY, IDAHO, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID GOVERNMENT LOT 4, SAID POINT BEING SOUTH 89°56'36" EAST, A DISTANCE OF 800.00 FEET FROM THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 4 (SAID POINT ALSO BEING NORTH 89°56'36" WEST, A DISTANCE OF 538.25 FEET FROM THE SOUTHEAST CORNER OF SECTION 36);

THENCE NORTH 00°38'24" WEST, A DISTANCE OF 764.36 FEET TO A POINT;

THENCE CONTINUING NORTH 00°38'24" WEST TO ITS INTERSECTION WITH THE GOVERNMENT MEANDER LINE ALONG THE LEFT BANK OF THE PEND OREILLE RIVER;

THENCE SOUTHWESTERLY ALONG SAID MEANDER LINE TO ITS INTERSECTION WITH THE WESTERLY LINE OF GOVERNMENT LOT 4;

THENCE NORTHERLY ALONG SAID WESTERLY LINE OF GOVERNMENT LOT 4 TO ITS INTERSECTION WITH THE NATURAL NORMAL HIGH WATER LINE ALONG THE LEFT (SOUTHERLY) BANK OF THE PEND OREILLE RIVER AS EXISTING PRIOR TO THE ALBENI FALLS DAM (AND AS DEPICTED ON A SURVEY RECORDED MAY 24, 1993 AS INSTRUMENT

NO. 425128, RECORDS OF BONNER COUNTY, IDAHO);

THENCE NORTHEASTERLY ALONG SAID NATURAL NORMAL HIGH WATER LINE TO ITS INTERSECTION WITH THE EAST LINE OF SAID SECTION 36;

THENCE SOUTH $00^{\circ}38'24''$ EAST ALONG SAID EAST LINE OF SAID SECTION 36 TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH $89^{\circ}56'36''$ WEST, A DISTANCE OF 538.25 FEET TO THE POINT OF BEGINNING.

EXHIBIT “B”

EXHIBIT “C”



The Crossing at Willow Bay

Dufort Water Association, Inc.

Articles of Incorporation

(January 1, 2007)

ARTICLES OF INCORPORATION
OF
DUFORT WATER ASSOCIATION, INC.

FILED EFFECTIVE
2006 AUG 29 AM 9:50

SECRETARY OF STATE
STATE OF IDAHO

The undersigned, acting as the Incorporator of a nonprofit corporation ("Corporation") organized under and pursuant to the Idaho Nonprofit Corporation Act, Chapter 3, Title 30, Idaho Code ("Act"), adopt the following Articles of Incorporation ("Articles").

ARTICLE 1
NAME

- 1.1. The name of the Corporation is DUFORT WATER ASSOCIATION, INC.

ARTICLE 2
NONPROFIT STATUS

- 2.1. The Corporation is a nonprofit corporation.

ARTICLE 3
PERIOD OF DURATION

- 3.1. The period of duration of the Corporation is perpetual.

ARTICLE 4
REGISTERED OFFICE AND AGENT

4.1. The location of this Corporation is in the city of Dufort, County of Bonner, in the state of Idaho. The address of the initial registered office is 1322 W. Kathleen Avenue, Suite 2, Coeur d'Alene, Idaho 83815, and the name of the initial registered agent is Pete B. Bredeson at 1322 W. Kathleen Avenue, Suite 2, Coeur d'Alene, Idaho 83815.

ARTICLE 5
PURPOSES

5.1. This Corporation is not organized for profit. The specific primary purposes for which it is formed are to provide for the acquisition, construction, management, operations, administration, maintenance, repair, improvement, preservation, and general control of a water system to provide water to a portion of Bonner County, Idaho. In addition to the primary purposes, this Corporation shall have power to:

IDAHO SECRETARY OF STATE
08/29/2006 05:00
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ARTICLES OF INCORPORATION FOR DUFORT WATER ASSOCIATION, INC. - 1

C11081240

5.1.1. Perform all of the duties and obligations of the Corporation in the service of water to the Corporation's members;

5.1.2. Fix, levy, collect and enforce assessment fees and fines in a fair and equitable fashion and secure the payment of assessments through liens upon real property, as allowed by Idaho law;

5.1.3. Pay all expenses and obligations incurred by the Corporation in the conduct of its business, including, without limitation all licenses, taxes or governmental charges levied or imposed against the Corporation's property;

5.1.4. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation;

5.1.5. Make contracts and incur liabilities, borrow money and mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

5.1.6. Dedicate, sell, transfer or grant easements over all or part of any of the Corporation's property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members;

5.1.7. Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional services to the management of the Corporation;

5.1.8. Convey all, or substantially all, corporate assets to a public entity which would serve water to the members of this Corporation;

5.1.9. Litigate, mediate, and arbitrate any and/or all corporate rights and obligations. This Corporation, in addition to other provisions, may provide for the qualification of members, the terms and conditions of admission, the time, mode, conditions and effect of expulsion or withdrawal from the restoration of membership, admission fees, charges and assessments; and for reimbursement for services rendered to and expenses incurred on behalf of the Corporation by any member or officer of the Corporation, and such other rules and regulations as are not repugnant to the laws of the state of Idaho; and

5.1.10. To exercise all powers granted by law necessary and proper to carry out the foregoing purposes, including, but not limited to, the power to accept donations of money and property, whether real or personal, or any other things of value. Nothing herein contained shall be deemed to authorize or permit the Corporation to carry on any business for profit, to exercise any power, or to

do any act that a corporation formed under the Act, or any amendment thereto or substitute therefore, may not at that time lawfully carry on or do.

ARTICLE 6 LIMITATIONS

6.1. No substantial part of the activities of the Corporation shall be for the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. The Corporation shall solely use its income to cover losses and expenses, with any excess being returned to the members or retained for future losses and expenses. The Corporation must collect at least eighty-five percent (85%) of its gross income from the members for the sole purpose of meeting its losses and expenses. Any excess income shall be distributed to the members on a pro rata basis based on their patronage or business done with the Corporation.

ARTICLE 7 MEMBERS AND MEMBERSHIP

7.1. Non-Stock Corporation. Participation in management and ownership of the Corporation shall be by membership only. The Corporation shall issue no stock and shall have no shareholders.

7.2. Membership. The Originating Member and any person or entity being served water by this Corporation shall automatically become a member. Upon becoming a member of the Corporation, the member shall remain a member thereof until such time as his/her service ceases for any reason, at which time his/her membership in the Corporation shall automatically cease. Membership and transfer of membership shall be further regulated by the Bylaws of the Corporation.

7.3. Transferred Membership. Membership in the Corporation shall not be transferred, pledged or alienated in any way, except upon the transfer of the right to service of water which shall only occur in accordance with the Bylaws of the Corporation. Any attempt to make a prohibited transfer is void. In the event the owner of any lot should fail or refuse to transfer the membership registered in his/her name to the purchaser of his/her lot, the Corporation shall have the right and authority to transfer, purchase and record the transfer upon the books; thereupon the old membership outstanding, in the name of the seller, shall be null and void.

7.4. Classes of Membership. The Corporation shall have two (2) classes of voting membership established according to the following provisions:

7.4.1. Class "A" Membership. Class "A" membership shall be held by each individual served by the system, excepting the Originating Member. Each Class "A" member shall be entitled to one (1) vote for service provided. If the service is owned by more than one person, each such person shall be a member of the Corporation, but there shall be no more than one (1) vote for each service. Multiple owners have joint rights and obligations.

7.4.2. Class "B" Membership. Class "B" membership shall be that held by the Originating Member, or its successor in interest, as specified in the Bylaws of this Corporation. Each Class "B" member shall be entitled seven (7) votes for each initial water service of the system based upon the storage capacity as set forth in the Bylaws; provided that Class "B" membership shall be converted to Class "A" membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

7.4.2.1. When that number of Class "A" votes equal or surpasses Class "B" votes; or

7.4.2.2. On the thirtieth (30th) anniversary of the filing of these Articles with the Idaho Secretary of State.

7.4.3. Additional Classes of Membership. This Corporation may add additional classes of membership through the lawful amending of the corporate Bylaws. Nothing in these Articles shall prohibit the institution of additional classes.

7.5. Voting Requirements. Except where otherwise expressly provided in these Articles or the Bylaws, any action by the Corporation, which must have the approval of the Corporation membership before being undertaken, shall require the vote or written assent of the prescribed percentage of the total power (both classes combined) of the Corporation.

7.6. Limitation of Payment to Dissenting Member. Membership in the Corporation is appurtenant to and cannot be segregated from ownership of a lot within the jurisdiction of the Corporation. Except upon dissolution of the Corporation, a dissenting member shall not be entitled to any return of any contribution or other interest in the Corporation.

ARTICLE 8 BOARD OF DIRECTORS

8.1. The affairs of this Corporation shall initially be managed by a board of three (3) directors, but may be converted to a larger number in accordance with the Bylaws. From the date of conversion from a three (3) director board, the election of directors shall be divided into three (3) classes, of nearly equal number, with each class

elected for a staggered three (3) year term. The directors need not be members of the Corporation until conversion of Class "B" memberships to Class "A," after which time all directors must be members of the Corporation.

The number of directors may be increased by amendment of the Bylaws of the Corporation. The names and addresses of the initial directors of the Corporation, until the selection of their successors, are:

<u>NAME</u>	<u>ADDRESS</u>
Brent Sullivan	316 N. 2 nd Ave; Ste. A-2 Sandpoint, ID 83864
James Sullivan	316 N. 2 nd Ave; Ste. A-2 Sandpoint, ID 83864
Jerald Hansen	316 N. 2 nd Ave; Ste. A-2 Sandpoint, ID 83864

ARTICLE 9 DISTRIBUTION ON DISSOLUTION

9.1. Upon dissolution of the Corporation, the board of Directors shall, after paying or making provisions for the payment of all liabilities of the Corporation pursuant to Idaho Code Sections 30-3-114 and 30-3-115, distribute all remaining assets of the Corporation to the members on a pro rata basis based on their patronage or business done with the Corporation. Any such assets not so distributed shall be distributed by the District Court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organizations as the Court shall determine to be consistent with the purposes of the Corporation.

ARTICLE 10 INCORPORATOR

10.1. The name and street address of the Incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Pete B. Bredeson	1322 W. Kathleen Avenue, Suite 2 Coeur d'Alene, Idaho 83815-8339

ARTICLE 11
BYLAWS

11.1. Provisions for the regulation of the internal affairs of the Corporation shall be set forth in the Bylaws. The Board of Directors of the Corporation shall be authorized to amend the Corporation's Bylaws at a properly noticed special or regular meeting of the Board of Directors.

ARTICLE 12
AMENDMENT OF ARTICLES

12.1. So long as Class "A" membership and Class "B" membership are still in effect, these Articles shall be amended only by the vote or written assent of at least eighty percent (80%) of a quorum of the voting power of each class of membership. Following the conversion of Class "B" membership to Class "A" membership, these Articles shall be amended only by the vote or written assent of members representing at least eighty percent (80%) of a quorum of the total voting power of the Corporation, provided this shall not be less than the percentage of affirmative votes prescribed for action to be taken under said clause or provision.

For the purposes of forming this Corporation, under the laws of the state of Idaho, I the undersigned, constituting the incorporator of this Corporation have executed these Articles on this 29th day of August, 2006.


Pete B. Bredeson

EXHIBIT “D”

RESTATED
ARTICLES OF INCORPORATION
OF
DUFORT WATER ASSOCIATION, INC.

Recital

- A. The original articles of incorporation were filed on August 29, 2006, filing C 168626.
- B. Pursuant to Article 12 of the original Articles of Incorporation, "these Articles shall be amended only by the vote of written assent of at least eighty percent (80%) of a quorum of the voting power each [Class A and Class B] class of membership."
- C. At a duly called meeting of the Members, held on April 24, 2008, in Sandpoint, Idaho, the Members adopted these Restated Articles of Incorporation by a vote of 9 to 9 of Class A Members, which constitutes 100% in favor of adoption, and 1 to 0 of Class B Members, which constitutes 100% in favor of adoption.

ARTICLE I
NAME

The name of this corporation is DUFORT WATER ASSOCIATION, INC. (hereinafter "Association").

ARTICLE II
NONPROFIT STATUS

- 2.1 **Nonprofit Corporation.** The Association is a nonprofit corporation governed by the Idaho Nonprofit Corporation Act, Chapter 3, Title 30, Idaho Code (Act).
- 2.2 **Membership Organization.** The Association shall be organized as a membership association with voting Members and management vested in a Board of Directors.

ARTICLE III
PERIOD OF DURATION

The period of duration of the Association is perpetual.

ARTICLE IV
CORPORATE OFFICE AND REGISTERED AGENT

The address of the Association office is 212 N. First Avenue, Sandpoint ID 83864. The name and address of the registered agent is William M. Berg, Berg & McLaughlin, Chdt, 708 Superior Street, Ste B, Sandpoint ID 83864.

ARTICLE V
PURPOSES AND POWERS

- 5.1 **Purpose.** The Association's primary purpose is to acquire and maintain a source of drinking water, and to construct and maintain a drinking water storage and delivery system serving real properties within and adjacent to a subdivision known as THE CROSSING, described on an official plat recorded in Book 8 of Plats, Page 124, records of Bonner County, Idaho. As used herein, "adjacent" shall be broadly construed to mean "nearby."
- 5.2 **Powers and Authority.** The Association's Board of Directors shall have the following powers and authority.
- 5.2.1 Perform all of the duties and obligations of the Association in the service of water to the Association's Members;
 - 5.2.2 Fix, levy, collect and enforce assessment fees and fines in a fair and equitable fashion and secure the payment of assessments through liens upon real property, as allowed by Idaho law;
 - 5.2.3 Pay all expenses and obligations incurred by the Association in the conduct of its business, including, without limitation all licenses, taxes or governmental charges levied or imposed against the Association's property;
 - 5.2.4 Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, exchange, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;
 - 5.2.5 Make contracts and incur liabilities, borrow money and mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
 - 5.2.6 Dedicate, sell, transfer or grant easements over all or part of any of the Association's property to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members;
 - 5.2.7 Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional services to the management of the Association;
 - 5.2.8 Convey all, or substantially all, corporate assets to a public entity which would serve water to the Members of this Association;
 - 5.2.9 Litigate, mediate, and arbitrate any and/or all corporate rights and obligations. This Association, in addition to other provisions, may provide for the qualification of Members, the terms and conditions of admission, the time, mode, conditions and effect of expulsion or withdrawal from the restoration of membership, admission fees, charges and assessments; and for reimbursement for services rendered to and expenses incurred on behalf of the Association by any Member or officer of the Association, and such other rules and regulations as are not repugnant to the laws of the state of Idaho; and

- 5.2.10 To exercise all powers granted by law necessary and proper to carry out the foregoing purposes, including, but not limited to, the power to accept donations of money and property, whether real or personal, or any other things of value.
- 5.3 **Limitation of Powers.** Nothing contained herein shall be deemed to authorize or permit the Association to carry on any business for profit, to exercise any power, or to do any act that is prohibited by a corporation formed under the Act, or any amendment thereto.

ARTICLE VI LIMITATIONS AND NONDISCRIMINATION POLICY

- 6.1 **Limitation on Political Activities.** No substantial part of the activities of the Association shall be for the carrying on of propaganda, or otherwise attempting to influence legislation, and the Association shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.
- 6.2 **Nondiscrimination Policy.** The Association, its directors, officers, employees, agents and contractors shall not discriminate in the Association's on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, or marital status.

ARTICLE VII MEMBERS AND MEMBERSHIP

- 7.1 **Non-Stock Corporation.** Participation in management and ownership of the Association shall be by membership only. The Association shall issue no stock and shall have no shareholders.
- 7.2 **Membership.** The Originating Member (Crossing Development, Inc., an Idaho corporation, or its successor in interest) and the owner(s) in fee of real property served by the Association shall be Members. Upon becoming a Member of the Association, the Member shall remain a Member thereof until such time as his/her service ceases for any reason, at which time his/her membership in the Association shall automatically cease. Membership and transfer of membership shall be further regulated by the Bylaws of the Association.
- 7.3 **Membership Transfer.** Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of the right to service of water which shall only occur in accordance with the Bylaws of the Association. A prohibited transfer is void. In the event the owner of any a lot or parcel of real property served by the Association fails or refuses to transfer a membership registered such owner's name to a successor in interest to the real property, the Association shall have the right and authority to transfer, and record such transfer upon the records of the Association.
- 7.4 **Classes of Membership.** The Association shall have two (2) classes of voting membership established according to the following provisions:

- 7.4.1 **Class A Membership.** Class A membership shall be held by each individual or entity, including The Crossing HOA, Inc., served by the system, excepting the Originating Member. Each Class A Member shall be entitled to one (1) vote for each service provided. The term "service" means an actual water service connection or an equivalent water service connection as the meaning of equivalency is defined by the Board. If the service is owned by more than one person, each such person shall be a Member of the Association, but there shall be no more than one (1) vote for each service. Multiple owners have joint rights and obligations.
- 7.4.2 **Class B Membership.** Class B membership is that membership held by the Originating Member. The Class B Member shall be entitled to seven (7) votes for each unallocated equivalent water service connection available through the system. The number of unallocated equivalent water service connections shall be calculated by subtracting from 138 the total number of Class A memberships. If the Originating Member creates additional capacity, it shall receive seven (7) votes for each additional unallocated equivalent water service connection created. Upon the occurrence of one of following events, the Originating Member shall lose its Class B membership status and, thereafter, no votes shall be awarded to unallocated equivalent water service connections:
- 7.4.2.1 When that number of Class A votes equals or surpasses the number of Class B votes;
- 7.4.2.2 On the thirtieth (30th) anniversary of the original filing of these Articles with the Idaho Secretary of State.
- 7.5 **Additional Classes of Membership.** This Association may add additional classes of membership through the lawful amending of the corporate Bylaws. Nothing in these Articles shall prohibit the institution of additional classes.
- 7.6 **Voting Requirements.** Except where otherwise expressly provided in these Articles or the Bylaws, any action by the Association, which must have the approval of the Association membership before being undertaken, shall require the vote or written assent of the prescribed percentage of the total power (both classes combined) of the Association.
- 7.7 **Limitation of Payment to Dissenting Member.** Membership in the Association is appurtenant to and cannot be segregated from ownership of a lot or parcel of real property within the jurisdiction of the Association. Except upon dissolution of the Association, a dissenting Member shall not be entitled to any return of any contribution or other interest in the Association.

**ARTICLE VIII
BOARD OF DIRECTORS**

- 8.1 **Directors and Qualifications.** The Members shall elect a Board of Directors consisting of three (3) Directors who shall serve staggered three (3) year terms. The Members may increase the number of Directors. The Directors shall be Members EXCEPT, so long as the Originating Member holds Class B Membership, the Originating Member's nominees need not be Members.
- 8.2 **Initial Directors.** The initial Directors shall be:
James W. Sullivan, 16114 E. Indiana, Suite 115, Spokane Valley, WA 99216
Brett T. Sullivan, 16114 E. Indiana, Suite 115, Spokane Valley, WA 99216
Claudia Dick, 116 N. First Avenue, Sandpoint ID 83864
- 8.3 **Removing Directors.** The Members may remove a Director, at any time and for any reason, upon the vote of sixty percent (60%) of the Members voting at a duly called meeting of the Members.
- 8.4 **Officers.** The Board shall annually elect its officers. There shall be a President, Vice President, Secretary and Treasurer. One person may serve as both Secretary and Treasurer. Officers shall be elected by a majority of Directors voting at a duly called meeting of the Directors.
- 8.5 **Removing Officers.** An officer may be removed from office at any time, for any reason, by a majority of the elected Directors. Such removal shall be evidenced by a resolution, executed by a majority of the Directors and delivered to the Secretary and the officer being removed. The officer's authority shall terminate upon delivery of said resolution to the Secretary.
- 8.6 **Action of the Board.** The action of the Board shall be the action of the Association.

**ARTICLE IX
DISTRIBUTION ON DISSOLUTION**

- 9.1 **Requirements for Dissolution.** The Association may be dissolved upon the consent of seventy-five percent (75%) of the Members, each Member signing and acknowledging by law a resolution of dissolution. This provision may not be amended by less than 75% of the Members.
- 9.2 **Distribution of Assets.** Upon dissolution, the assets of the Association, after paying or making provisions for the payment of all liabilities of the Association, shall be divided pro rata among the Members or as otherwise directed by the District Court.
- 9.3 **Statutory Provisions.** Dissolution shall otherwise be accomplished in compliance with Title 30, Chapter 3-110 et. seq.

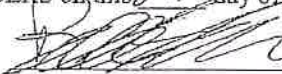
**ARTICLE X
BYLAWS**

Provisions for the regulation of the internal affairs of the Association shall be set forth in the Bylaws. The Board of Directors of the Association shall be authorized to amend the Association's Bylaws at a properly noticed special or regular meeting of the Board of Directors.

**ARTICLE XI
AMENDMENT OF ARTICLES**

These Articles shall be amended only by the vote or written assent of Members representing no less than sixty percent (60%) of the total voting power of the Association at a duly called meeting of the Members.

ADOPTED BY THE MEMBERS on this 24th day of April, 2008.

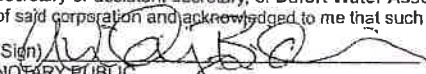

Brett T. Sullivan
Secretary

STATE OF IDAHO
COUNTY OF BONNER

} SS.

On this 24 day of April, in the year of 2008, before me, a Notary Public for the state of Idaho, personally appeared Brett T. Sullivan, known or identified to me to be the president, or vice-president, or secretary or assistant secretary, of Dufort Water Association, Inc. that executed the within instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.

(Sign)


NOTARY PUBLIC

Residing at:

My commission expires: 3/12/13



EXHIBIT “E”

**RULES AND REGULATIONS
OF
DUFORT WATER ASSOCIATION, INC.**

After notice and hearing, and pursuant to Article 5.13 of the Bylaws, the Board of Directors (Board) of the Dufort Water Association, Inc. (Association) hereby adopts the following Rules and Regulations (Rules).

**ARTICLE I.
WATER SYSTEM USE, CONTROL AND FEES**

1.1 Water Usage Classifications.

- 1.1.1 **Residential Use.** Residential use is a regular use that is reasonably necessary to support a single family unit including, by way of illustration, drinking water, cooking, bathing, laundry, sanitary uses and reasonable landscape irrigation.
- 1.1.2 **Commercial Use.** Commercial use is a regular use that is not classed as a Residential Use.
- 1.1.3 **Temporary Use, Bulk Water.** An Owner or his agent may apply to the Association for a temporary use for a designated purpose, including bulk water service. The Board shall set the terms of such temporary use by written agreement. An agreement between the Board and an Owner shall not be construed as precedential. The Board reserves the unilateral right to set terms of use, including an individual fee schedule, or to deny a temporary use altogether.
- 1.1.4 **Fire Flow Use.** Water provided to and through the fire hydrant system (Fire Flow) for the purpose of fire fighting and testing is a special use that shall not be separately metered or charged. However, the Board may, at its discretion, meter such use from time to time for the purpose of verifying usage. Fire Flow provided for other uses, such as construction, irrigation, or wash down, shall be separately metered and charged out as a temporary use, bulk use, or as otherwise determined by the Board.

1.2 Fees, Rates and Charges.

- 1.2.1 **Connection Fee (Tap-on).** Each Owner agrees to pay a non-refundable connection fee (tap-on fee), usage charges and other fees and charges as adopted by the Board. The tap-on fee shall be due and payable upon the

assignment a previously unallocated water system connection by the Association to a property Owner.

- 1.2.2 **Water Usage.** Usage fees shall commence upon the earlier of (a) transfer of ownership of a previously assigned water service connection; (b) actual connection; or twenty-four (24) months after the assignment of a previously unallocated water service connection. Usage charges and other fees and charges are payable on a regular basis at times to be established by the Board.
- 1.2.3 **Transfer Fee.** The Association shall charge a fee when the service is transferred from one Owner to a new Owner. Transfer to a corporation or partnership shall be deemed a change of Ownership and the transfer fee shall apply. The fee shall not apply in the following circumstances: (a) transfer of Membership from the Owner to a Member-designee; (b) change of billing name and/or address; (c) the addition of an Owner in fee of the real property served (i.e. addition of spouse on title); or (d) transfer from an Owner, in his individual capacity, to a revocable trust in which the Owner is the current trust beneficiary.
- 1.2.4 **Fee Schedule.** A current schedule of fees, rates and charges is attached hereto as **Exhibit A**, and such schedule may be changed from time to time upon notice to the Members.
- 1.3 **Tap-On Location.** Potable water for residential, non-commercial and commercial uses will be furnished by the Association, and will be available for tap-on at a location specified and approved by the Association. The Association will cooperate with the Owner, when possible, to establish the tap-on connection at a mutually convenient location at or near the property boundary. The Board shall have final authority to locate the tap-on connection.
- 1.4 **Unauthorized Tap-On.** An unauthorized tap-on by an Owner is grounds for immediate termination of service with or without prior notice as provided herein. In addition to the remedies set forth herein, and in the Bylaws, the Board may, at its sole discretion, file a civil or criminal complaint against the violator.
- 1.5 **Meters.** Each property owner taking service, or as otherwise agreed, shall have an operating water meter. The Owner shall purchase the meter from the Association. The Owner shall install the water meter to the Association's specifications. Upon final inspection and approval by the Association, the Association shall take ownership of the meter and shall, thereafter, be responsible for its maintenance and replacement. No meter shall be moved without the prior written consent of the Board. An Owner is liable for all damages related to the Owner's activity that may damage a meter. An Owner shall not move or otherwise tamper with a meter and any unauthorized movement or tampering of any sort shall be grounds for immediate termination of service without notice. Should a meter fail to accurately register water use in any billing cycle, billing for the water used within that cycle shall be calculated to be equal to the lesser of (a) the water usage for the same month of the preceding year, or (b) the average

monthly water usage for the three (3) consecutive months that contain the single month of highest usage during the preceding twelve (12) month period.

- 1.6 **Cross Connection Control.** All new water connections shall be made in compliance with the cross connection control program and subject to review by certified cross control specialists. The Owner agrees to eliminate before the initiation of service all past or present cross-connections in the Member's system which could lead to a violation of the cross connection control protocol set forth by the State of Idaho and administered by the Idaho Department of Environmental Quality (IDEQ).
- 1.7 **Service Lines, Assemblies and Devices.** Service lines and other associated facilities from the tap-on location to point of water usage shall be constructed and maintained at the sole expense and risk of the Owner. Construction criteria for service lines, back flow prevention assemblies or devices, shut-off valves, pressure reducer valves, and other necessary equipment shall be provided by the Board pursuant to standards prepared by a certified operator for the Association and must be followed. Service may be immediately terminated without notice until installation of service lines, back flow prevention assemblies or devices, shut-off valves, pressure reducer valves, and other necessary equipment meet the criteria established by the Board. Installation of such equipment shall be at the sole expense and risk of the Owner and each Owner shall indemnify and hold harmless the Association for any loss or damage related to such installation. The Owner shall be responsible for any damages to real property, equipment, personal property, or persons, caused by, or related to, any activity associated with tap-on to the water system.
- 1.8 **Repairs.** The Association shall remedy defects in the system main lines (to the tap-on location), the pumps, water meters, wells, reservoir, pump house and other improvements to the well lot. The Owner is responsible for repairs and maintenance of all service lines, valves, and equipment from the tap-on location to the point of ultimate usage.
- 1.9 **Leaks on Owner's Premises.** Owners shall immediately repair all line breaks or leaks in service lines or plumbing to preclude water waste or damage to property. Failure to immediately repair such leaks may result in immediate termination of service without notice until such repairs are completed. Additionally, the Board, in its sole and absolute discretion, has the right to have such leaks repaired at the sole expense and liability of the Owner, without prior notice to the Owner. Costs incurred by the Association for such repairs may be, at the sole discretion of the Board, collected from the Owner in the same manner as fees and charges are collected in accordance with the Bylaws. Each Owner is liable for any loss/damage caused to the Association or third parties by leaks on the Owner's lot.
- 1.10 **Access to Property.** The Association has the right to enter the Owner's property for the purpose of monitoring, maintaining, constructing, repairing, or any other activity related to the water system, with twenty-four (24) hours prior notice to the Owner posted on the door of the residence. If no one resides on the property, no prior notice is required. Obstruction or denial of access to any portion of the

property serviced by water system shall be grounds for termination of service with notice or, at the discretion of the Board, the installation at the service connection, at the Owner's expense, a Reduced Pressure Backflow Prevention Assembly or Air Gap Backflow Prevention Assembly.

- 1.11 **Inspection.** An Owner or his contractor shall not backfill or otherwise cover a service connection without the approval of an Idaho state plumbing inspector and the Association's Licensed Operator.

ARTICLE II. STANDARDS AND INSPECTION

- 2.1 **Public Drinking Water Standards.** The Board adopts by reference the standards contained in IDAPA §§ 58.01.08.050, .100, .250-.552, inclusive, as such standards apply to the Association's system design, facilities, installation requirement, maintenance, inspection, and testing.
- 2.2 **Local Standards and Specifications.** Local construction criteria are attached as **Exhibit B.** The Board may adopt additional standards and specifications from time to time.
- 2.3 **License Operator.** The Board shall engage the services of a Licensed Operator who is certified in the state of Idaho to inspect and maintain the Association's system.
- 2.4 **Interpretation of Standards.** The Board shall rely on the opinion of the Association's Licensed Operator for the interpretation and application of standards. The Licensed Operator shall, in turn, rely upon and apply appropriate Idaho state standards.
- 2.5 **Inspection Requirement.** Upon completion, an Idaho state plumbing inspector, and the Licensed Operator, shall inspect and approve the installation of individual meters and privately owned facilities connected to the water system. The standards of such inspection shall comply with the Idaho Public Drinking Water Standards.
- 2.6 **Local Inspection Procedures and Standards.** [Reserved]

ARTICLE III. ENFORCEMENT OF RULES AND TERMINATION OF SERVICE

- 3.1 **Enforcement Authority.** The authority to enforce these Rules shall rest exclusively in the Board. The Board may fashion reasonable enforcement provisions as it deems fit and shall codify such provisions in this article. Adoption and amendment of enforcement provisions shall not require a hearing before the Members but the Board shall give notice of such adoption or amendment. Unless otherwise provided, enforcement provisions shall become effective fourteen (14) days after notice is mailed to Members.
- 3.2 **Fines and Sanctions.** [Reserved]

- 3.3 **Termination/Restriction of Service.** The Association has the right, without liability, to restrict service or terminate service for violation of these Rules. Such violation includes, but is not limited to, the failure to pay assessments, fines, or usage fees for water. Except as otherwise set forth herein, the Board shall give an Owner twenty (20) days prior written notice before restricting or terminating water service. Notice of termination or restriction shall be conspicuously posted on the property and delivered by certified mail, return receipt requested, to the Owner's address of record with the Association. The Board may grant a one-time, sixty (60) day extension upon the Owner's written notice of intent to cure the violation. Upon granting such extension, the Board shall send notice, by first class mail, of the date certain when the termination or restriction shall be effective absent a cure of the violation.
- 3.4 **Reconnection of Service.** To reconnect service after termination or restriction, the Owner shall file with the Board a written request for removal of restrictions or reinstatement of service. The decision to remove restrictions or reconnect service shall rest in the sole and absolute discretion of the Board. The Board may make reconnection contingent upon the Owner entering into a special service agreement on any reasonable terms to which the parties can agree, and/or impose reasonable special fees, and/or require payment of unpaid fees, charges, assessments, fines, and/or require the Owner to comply with a reasonable order related to the provision of service.
- 3.5 **No Liability for Interruption of Service.** The Association and/or Board shall not be liable for any actual or consequential damages arising from, or related to the intentional or unintentional interruption of water services, regardless of the cause of the interruption. Each Owner, and its successors and assigns agree to indemnify and hold harmless the Association, its Board, employees, contractors and agents from any and all liability related to service interruption.
- 3.6 **No Waiver of Enforcement Authority.** No failure to enforce or delay the enforcement of these Rules, or an omission in the exercise of any right or remedy by the Association and/or the Board shall impair such a right of enforcement or remedy, or be construed as a waiver of the Association's authority under these Rules. The receipt and acceptance by the Association of delinquent fees or payments shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular payment involved.

ARTICLE IV. NEW AND AMENDED RULES

- 4.1 **Authority to Propose Rule.** An Owner, Member, or the Licensed Operator, may propose a Rule or Rule amendment.
- 4.2 **Rulemaking.**
- 4.2.1 **Written Proposal.** A proposed new Rule or Rule amendment shall be in written form and presented to the Board together with a written statement supporting the change.

- 4.2.2 **Reasonableness Test.** Within ninety (90) days of receipt, the Board shall determine whether there is a reasonable basis for the proposed Rule. A Rule is "reasonable" if, more likely than not, its adoption will materially contribute to (a) lawful and/or efficient operation of the water system; (b) cost containment; or (c) environmental safety. The contribution is "material" if the Rule has more than a negligible affect. If the Board finds the proposed Rule unreasonable, it shall promptly give written notice to the proposer and state why the Board has found the proposed Rule unreasonable.
- 4.2.3 **Appeal.** An Owner or Member may appeal to the Members, at an annual or special meeting, the Board's decision as to the proposed Rule's reasonableness. The Members may find the proposal "reasonable" or "unreasonable." The Members may NOT draft or adopt a proposed Rule. If the Members find the proposed Rule "reasonable," the Board shall follow the procedure herein for Rule adoption.
- 4.2.4 **Draft Rule.** Within thirty (30) days of finding the proposed Rule "reasonable," the Board shall draft the Rule in final form for presentation to the Members.
- 4.2.5 **Notice and Hearing.** A copy of the draft Rule shall be promptly sent to each Owner and Member in accordance with the same formalities as required for notice of a special meeting of the Members. A hearing shall be scheduled no less than fourteen (14) days, nor more than thirty (30) days, from the date the notice is placed in the mail.
- 4.2.6 **Hearing and Decision.** At the hearing, all Owners and Members shall be granted an opportunity to address the Board. The Board may limit the time accorded each speaker. The Board may direct the Licensed Operator to answer questions and render an opinion on the draft Rule. After the hearing has been closed to further comment, the Board shall consider the draft Rule and, by majority vote, adopt, amend or reject the Rule. If the Board amends the Rule, the hearing shall be re-opened for additional comment on the amended Rule. The Board should make every reasonable effort to render a final decision immediately following the hearing. If, however, the ability to render an immediate decision is impracticable, the Board may continue the matter to a date and time certain, such date to be no more than thirty (30) days hence. The Board's decision as to the adoption or rejection of a Rule is final and may not be appealed to the Members.
- 4.3 **Determination of Fines.** Upon the adoption of any Rule, the Board may adopt an appropriate fine or other sanction to enforce the Rule. The Board may, but shall not be required to hold a hearing prior to the adoption of such fine or sanction.
- 4.4 **Documentation of New Rule.** The Board shall send copies of any newly adopted Rule to each Owner and Member within thirty (30) days of its adoption. The Board shall compile all Rules of the Association and keep an updated copy

thereof at the same location where other official records and books of the Association are kept.

- 4.5 **Effective Date.** Unless otherwise stated in the Rule, a Rule's effective date shall be the date of its adoption. The Board may, at its discretion, delay the effective date for up to one year. Retroactive application of a Rule shall be deemed void unless the retroactivity was expressly set forth in the draft Rule considered by the Members and Owners.

ARTICLE V. ADMINISTRATIVE PROVISIONS

- 5.1 **Remedies in Law and Equity.** The failure of any Owner to comply with the provisions of the Rules shall give rise to a cause of action in favor of the Association and any aggrieved Owner for the recovery of damages, or for injunctive relief, or both.
- 5.2 **Court and Attorney Fees.** In any action as to the enforcement or interpretation of these Rules, the prevailing party shall be entitled to its costs and reasonable attorney fees.
- 5.3 **Captions and Titles.** The captions and titles are for convenience and reference only. They shall not define, limit or construe the contents of any provision.
- 5.4 **Governing Law and Severability.** These Rules are established under, and shall be governed by the laws of the state of Idaho. Any Rule prohibited by law or unenforceable shall not affect the remaining Rules.

ARTICLE VI. DEFINITIONS

- 6.1 "Assignment of water service connection" means the allocation of a water service connection to a property owner other than the Originating Member.
- 6.2 "Association" means the Dufort Water Association, Inc.
- 6.3 "Hook-on" (see "Tap-on").
- 6.4 "Licensed Operator" means the person or entity employed or otherwise engaged by the Association for the purpose of monitoring, maintaining, testing and inspecting the water system and connections thereto.
- 6.5 "Member" means a member of the Dufort Water Association, Inc. A "Member" may be an Owner, or the Owner's designee.
- 6.6 "Originating Member" means Crossing Development, Inc., an Idaho corporation, that constructed the water system and has special rights under the Association's Articles of Incorporation.
- 6.7 "Owner" means the owner in fee of property served by the Association.
- 6.8 "Regular use" means a water use provided through a "Tap-on."

- 6.9 "Rule" is a mandatory regulation, guideline or standard. The word "Rule" incorporates and is interchangeable with the word "regulation."
- 6.10 "Tap-on" means the point of connection between the user's water line and the Association's main water line. It also means the same as, and may be used interchangeable with the term "hook on." The terms may also be used to describe the act of making the connection or "tap-on."
- 6.11 "Unallocated Water Service Connection" means an equivalent connection that has not been assigned to a lot or parcel of real property.

IN WITNESS WHEREOF, the undersigned certifies that the above stated Rules were duly and lawfully adopted by the Board of the Association on April 24, 2008.


Brett T. Sullivan
Secretary

STATE OF IDAHO }
COUNTY OF BONNER } SS.

On this 24 day of April, in the year of 2008, before me, a Notary Public for the state of Idaho, personally appeared Brett T. Sullivan, known or identified to me to be the president, or vice-president, or secretary or assistant secretary, of Dufort Water Association, Inc. that executed the within instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.

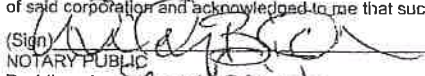
(Sign) 
NOTARY PUBLIC
Residing at: Sandpoint
My commission expires: 3-11-13



EXHIBIT A

SCHEDULE OF RATES AND CHARGES

Dufort Water Association, Inc

Connection Fees:

Standard Residential (<i>less than 2" water line</i>)	\$ 5,500.00
2"+ Water Line	\$ 18,000.00
3"+ Water Line	\$ 30,000.00

Inspections by Licensed Operator \$ 200.00 / inspection

Standby Fee \$ 30.00 / month

Member Transfer Fee \$ 100.00

Service Termination Fee \$ 50.00

Service Reconnection Fee \$ 50.00

Residential Water Usage

Basic Fee (<i>includes 0 – 12,000 gallons</i>)	\$ 48.00/month
12,001 – 30,000 gallons	\$0.005 /gallon
30,001 + gallons	\$0.006/gallon

Commercial Water Usage Same as Residential Water Usage Rate

Bulk Water Usage \$0.010/gallon

Terms:

- Usage fees are billed monthly and are payable within 30 days.
- A late charge of 10% of the amount due shall be charged for any payments that are not received with 30 days of the due date.
- Interest on past due is 1.5% per month.
- Service charge may be added for operator to provide Bulk Water.

EXHIBIT B

WATER SYSTEM CONSTRUCTION CRITERIA

Dufort Water Association, Inc

1. Owner/Member shall cause to be done the necessary engineering, preparation of plans and specifications for the construction of a water line of adequate size to connect to the Association's mains.
2. Water lines shall be constructed in accordance with the standards of, and subject to, the provisions as set forth by the State of Idaho.
3. Owner/Member or his agent shall obtain a permit for the water service line from the Idaho Plumbing Bureau, and any applicable permits required from any other governmental agency.
4. Owner/Member shall purchase from the Association and cause to be installed a water meter equipped with a remote reading device that will allow the reading of the meter by Association personnel from outside of the Owner's premises.
5. The meter shall be installed on or before the date Owner's service line is connected to the water main, with installation being made by a person certified as a plumbing contractor by the Idaho Plumbing Board.
6. Installation of meter and connection of the service to the water main shall be inspected and approved by the Licensed Operator prior to backfill. As-built plans shall be submitted to the Licensed Operator at least five (5) days prior to the time of water turn on.
7. Owner/Member and Licensed Operator shall schedule tap-on at a time of mutual convenience. It is recommended that tap-on occur between March 1st and October 31st.

EXHIBIT “F”



SURVEYING

www.h2survey.com 208.772.6600

Dufort Water System Evaluation October 26, 2010

This report was prepared in accordance with obtained information from the Idaho Department of Environmental Quality (IDEQ), Water Systems Management, Inc. and Bob Hansen, and in accordance with the Sizing Guidelines for Public Water Supplies, as prepared by the Washington Department of Social and Health Services, Division of Health. Some information included in this report include data from the reservoir record drawings, as provided by IDEQ, online IDWR well log reports, and the operations and maintenance manual information, as provided by IDEQ. Assumptions made in this report are consistent with the design engineer. The information provided, and the calculated data within on this report indicate that this existing water system has the available capacity to serve the proposed 21 additional water service connections, for a total of 103 connections on this water system.

Known Information

Existing Reservoir Data:

Reservoir Water Depth:	9.00	feet
Reservoir Inside Length:	78.67	feet
Reservoir Inside Width:	14.67	feet
Reservoir Capacity:	10,387	cubic feet
Reservoir Capacity:	77,704	gallons

* Record Drawings dated 7/27/07 and Reservoir recorded data dated 1/30/2006 as submitted to DEQ. Capacity depth of 9-feet confirmed by Bob Hansen of Water Systems Management, Inc (WSMI) on October 26, 2010. 1 cubic feet = 7.481 gallons

Miscellaneous Data:

Reservoir water elevation:	2,149	feet
Highest connection elevation:	2,180	feet
Lowest connection elevation:	2,074	feet
System controlling elevation:	-31	feet
Static Head Pressure:	-13	psi
Minimum Operating Pressure:	40	psi
Minimum Operating Head:	53	psi

* The Crossings Record Drawings - NGVD 29

* The Crossings Record Drawings - NGVD 29

* Willow Bay View Lots Water Plans - NGVD29

* Reservoir Elevation - Highest connection elevation

* At Highest service elevation (2.31 ft = 1 psi)

* As recommended by Idaho rules for Public Drinking Water Systems

* System operates at 60 psi per WSMI

Well data:

Well #1:	528	gpm
Well #2:	676	gpm
Total Well production (Q _w):	1,204	gpm

* IDWR Log = 0035405 - 20 hp American Marsh NS8MC-1

* IDWR Log = 0039736 - 40hp American Marsh NS7MC-3

* Sum of well flows

Booster Pump data:

Pump #1:	60	gpm
Pump #2:	400	gpm
Pump #3:	400	gpm
Pump #4:	400	gpm
Total Reservoir production (Q _p):	1,260	gpm

* Per DEQ Filed O&M - 5hp - A.Y. McDonald 2350W3Y

* Per DEQ Filed O&M - 20hp - American Marsh NS8KC

* Per DEQ Filed O&M - 20hp - American Marsh NS8KC

* Per DEQ Filed O&M - 20hp - American Marsh NS8KC

* Sum of pump flows



SURVEYING

www.h2survey.com 208.772.6600

Maximum Instantaneous Demand (MID):

Residential:

The Crossings Development:	82	
Willow Bay Holdings Property:	15	
Willow Bay View Lots:	6	
Total # of Residential Connections:	103	
MID:	155	gpm

* Number of services per the plat of the Crossings, and agreements to supply water to Willow Bay Holdings and Willow Bay View Lots. See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington - Table 1 - Tabulated Maximum Instantaneous Flows

Irrigation:

The Crossings Dev. (Par.>2.5 acres):	8	
The Crossings Dev. (Irr. acres):	84	
Willow Bay Holdings property:	4	*assumed
Willow Bay View Lots:	4	*assumed
MID:	875	gpm
Total MID:	1,030	gpm

* Number of services per INC's evaluation of The Crossings. Assumed maximum number of lots over 2.5-acres for Willow Bay Holdings property and Willow Bay View Lots based on existing acreages. See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington - Table 1 - Tabulated Maximum Instantaneous Flows

Daily Supply Requirement:

Total number of connections	103	
Usage requirement per connection:	1,500	gpd
Total Daily Supply Requirement:	154,500	gpd/conn

*See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington, for minimum production capabilities

Standby Storage (SS) Requirement:

800 Gallons/Connection:	82,400	gallons
Minimal Pump Production:	528	gpm
Minimal Pump Production (gal/conn/day):	7,382	gallons
Total SS:	75,018	gallons

*See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington - 100 or More Connections, Single Source

Equalization Storage (ES) Requirement:

$$ES = (MID - Q_w) \times (150) \sim ES = 0 \text{ if } MID < Q_w$$

MID:	1,030	gpm
Source Production (Q_w):	1,204	gpm
Total ES:	0	gallons

*See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington -Equalizing Storage

** Source (Q_w) per INC evaluation of system design

Fire Flow Requirement:

Required flow:	1,250	gpm
Required pressure:	20	(psi)
Equivalent Storage Volume:	150,000	gallons
Source Production Rate (Q_w):	1,204	gpm
Source Equivalent:	144,480	gallons
Required Storage Volume:	5,520	gallons

* 2hr minimum

* 1250gpm @ 2 hrs

* Sum of well flows

* 1204gpm @ 2 hrs

* Storage Eq - Source Eq

* All homes larger than 3600 SF in the Crossings Development are required to NFPA sprinkler system installed.



SURVEYING

www.h2survey.com 200.772.6600

Provided Storage:

Storage Required:	80,538	gallons	* Total SS - ES + Fire Flow
	10,766	cubic feet	
Storage Provided:	77,704	gallons	* Reservoir
	10,387	cubic feet	
Difference:	-2,835	gallons	

Provided Storage < Required Storage (SEE "STORAGE NOTE" BELOW)

STORAGE NOTE: Regulations now require that required storage be the summation of the standby storage, the equalization storage and the fire flow storage. Though the system is approximately 2,835 gallons short of the required storage for the proposed 103 connections, the 135kW standby generator appears to have been adequately sized to operate the well pumps, and the booster pumps under most situations, such as a power outage or a pump failure. A load test on the existing generator was not observed by the system operator or h2. It is recommended that if a full load test of the generator has not recently been completed, that one be scheduled, observed and well documented by the Dufort Water System for future reference.

System Pressures:

Record Drawings indicate three (3), 86-gallon pressure tanks were installed. According to the Operations and Maintenance Manual, and the Control Panel Construction documents, the booster pumps, and well pump #2, were installed with a Variable Frequency Drive's (VFD); thus eliminating the need for all but one (1) pressure tanks (to eliminate the potential for water hammer) when the system usage increases. According to Water Systems Management, Inc., the system operating pressure is currently set at 60 psi.

Chlorination:

Residential MID:	1,030	gpm	* See MID Calculations above
Minimum Chlorine Contact Time:	30	minutes	* Assumed contact time by design engineer as precautionary measure only
Contact Area (ex. depth x ex. width):	132	square feet	* water depth * reservoir inside width
Minimum Inside length (contact time):	28.60	feet	* ((MID * Contact Time) / (7.48 gal/cf)) / Contact Area
Existing inside length:	78.67	feet	* per Record Drawings
Estimated Contact Time:	75	minutes	* (Reservoir CF * 7.48 gal/cf) / (MID)



EXHIBIT “G”



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

2110 Ironwood Parkway, Coeur d'Alene, ID 83814 (208) 769-1422

C. L. "Butch" Otter, Governor
Toni Hardesty, Director

October 26, 2010

Phyllis Shankman, Owner
Willow Bay View Lots
281 Willow Bay Rd
Priest River, ID 83856
Pflower42@aol.com

Subject: **Willow Bay View Lots**, Water Main Extension to Dufort Water Association (The Crossing Development), P&S Approval

Dear Ms. Shankman:

The Idaho Department of Environmental Quality (DEQ) has reviewed the revised plans and specifications (P&S) titled "Willow Bay View Lots, Water Line Extension, October 20, 2010" (P&S #11560) submitted October 26, 2010 prepared by Scott McArthur, P.E., of h2 Engineers. Submitted with the P&S was a response to DEQ October 12, 2010 comments on the original P&S (P&S #11548) and a revised "Design Criteria" summary for The Crossing water system.

The Willow Bay View Lots project will construct about 1,050 feet of 8-inch C900 Class 150 PVC pipe and connect into an existing Dufort Water Association (formerly called The Crossing Development) 8-inch main. DEQ approved The Crossing water system in 2006 to serve the 82 lots proposed with that development. As part of the information submitted by Mr. McArthur for the water main extension to serve Willow Bay View Lots, he adequately demonstrated that The Crossing water system as originally constructed is capable of serving 103 connections (82 connections-The Crossing Development; 6 connections- Willow Bay View Lots; 15 connections- Willow Bay Holdings and Willow Bay Marina). The revised design criteria prepared by Mr. McArthur should be included in the November 2006 O&M Manual for The Crossing.

The 2007 record drawings for The Crossing water system show the normal operating water depth in the storage tank (below the overflow pipe invert) to be seven (7) feet based on the elevations of the floor and water surface below the overflow pipes. As part of the investigation into the capacity of The Crossing water system, it was determined by measuring the water depth in the tank that the normal operating depth is nine (9) feet.

The Dufort Water Association will own and operate this water main after it is constructed. An 8-inch connection for the Willow Bay Holdings property is shown at about Sta. 10+25. The main will provide the Willow Bay View Lots with a total of six (6) connections. Three (3) lots were platted in 1995 and the "sanitary restriction" lifted. The plat for Willow Bay View Lots states that the lots will have drinking water served by individual wells and not be served by a water system. Consideration should be given to revising the plat now that a water system will be serving these lots. Subsurface wastewater disposal sites are shown on the plans for the three (3) lots and approved by the Panhandle Health District (PHD). Adequate separations have been planned between the subsurface disposal areas and the water mains. Platting for the other lots that could use the additional water system connections has not been completed.

Ms. Shankman, Willow Bay View Lots Water Main Extension, P&S Approval
October 26, 2010
Page 2

The P&S are hereby **approved** for construction purposes in accordance with the Idaho Rules for Public Drinking Water Systems and Section 39-118 of Idaho Code.

Inspection of construction activities approved herein must be done by an Idaho licensed Professional Engineer (P.E.) or by someone under the direct supervision of a P.E. It is assumed that Scott McArthur of h2 Engineers will provide inspection services.

If any material deviations to this accepted design are necessary, the design engineer must secure DEQ approval of the changes prior to implementation of the changes.

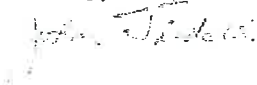
Within thirty (30) days of completion of construction, Section 39-118(3) of Idaho Code requires that record plans and specifications based on information provided by the construction contractor and field observations made by the engineer or the engineer's designee be submitted to DEQ. The record drawings must depict the actual construction of facilities. The record drawing submittal must be made to DEQ by the engineer representing the public agency or regulated public utility, if the resultant facilities will be owned and operated by a public agency or regulated public utility; or by the design engineer or owner designated substitute engineer, if the constructed facilities will not be owned and operated by a public agency or regulated public utility. Such submittal by the professional engineer must confirm material compliance with the approved plans or disclose any material deviations from the approved plans.

If construction is not completed within one year of the date of this letter, the DEQ construction approval expires. An extension may be granted if the design engineer submits a written request that DEQ re-approve the plans and specifications.

This letter does not constitute approval of stormwater control design. Please contact your local stormwater control authority for details on appropriate requirements. Control of sedimentation and erosion during construction activities must be achieved by the use of acceptable best management practices (BMPs) and is considered the responsibility of the owner/developer of the project.

If you have any questions, please call.

Sincerely,



John C. Tindall, P.E.
John.tindall@deq.idaho.gov

- c: Scott McArthur, P.E., h2 Engineers, Hayden smcarthur@h2survey.com
Timothy Krech, Willow Bay View Lots timothykrech@gmail.com
Brett Sullivan, Dufort Water Association brett@sullivanlawyer.com
Peter Smith, Lukins & Annis, Coeur d'Alene psmith@lukins.com
Annette Duerock, PHD, Sandpoint aduerock@phd1.idaho.gov
Clare Marley, Bonner County P&Z, Sandpoint cmarley@pco.bonner.id.us
Bob Hansen, Operator, wsmithob@aol.com
File in TRIM: Willow Bay View Lots (P&S #11560)

EXHIBIT “H”

DUFORT WATER ASSOCIATION, INC.

Sentry Management, Inc.
1110 W Park Place, Suite 101
Coeur d'Alene, ID 83814
(208) 676-8626 - Office (208) 676-8603 - Fax

August 2022 Financial Reports

Monday, September 26, 2022

Attn: Board of Directors

Attached are the following financial reports ending August 31, 2022

Mountain West Bank

Operating \$126,558.99

Pacific Premier Bank

Operating \$74,196.85
\$200,755.84

Monthly financial reports (attached) as follows:

Balance Sheet	
Income & Expense Report	August & YTD
Budget Performance	August & YTD
Accounts Receivable	
Prepaid Assessments	
Accounts Payable	
Vendor Transaction List	
Sentry Incidentals	Paid August

Operating Expenses Paid in August 2022

Country Mutual Insurance Co.	\$706.00	Liability insurance
Debit	\$143.05	2 Transactions at 2 vendors
Northern Lights, Inc.	\$630.49	Monthly electricity
Sentry Management, Inc.	\$225.00	Monthly set fee
Sentry Management, Inc.	\$114.12	July incidentals
Water Systems Management	\$1,362.08	Monthly system operator
Total Operating Expenses Paid August 2022	\$3,180.74	

Prepared by Robyn Haaland
Reviewed by Sara Masters

Dufort Water Association, Inc.
Balance Sheet
Period Through: 8/31/2022

Assets

Cash-Operating			
1001 - MWB - Operating Account	\$126,558.99		
1005 - PPB Operating Account	\$73,871.85		
Cash-Operating Total		\$200,430.84	
Owner Receivables			
1100 - Accounts Receivable - Owners	\$2,284.50		
Owner Receivables Total		\$2,284.50	
Assets Total			\$202,715.34
Liabilities and Equity			
Accounts Payable			
2000 - Accounts Payable - Vendors	\$1,089.50		
Accounts Payable Total		\$1,089.50	
Prepaid Fees			
2040 - Prepaid Assessments	\$90.00		
Prepaid Fees Total		\$90.00	
Retained Earnings		\$190,461.46	
Net Income		\$11,074.38	
Liabilities & Equity Total			\$202,715.34

EXHIBIT “I”

Dear Members:

Following our Semi-Annual meeting in October, there are two issues that the Board is working on. The first concerns the 2023 Budget and determining the best way to raise the funds necessary to cover the projected shortfall. Towards this end, the Board solicited volunteers to form a finance committee to work with both Lynn Van Trieste and Gerard Dougherty. Four people volunteered to serve on the committee including, Ed Oscarson, Tina Rey, Bruce Wittman and Bob Wolfenden. The finance committee met on Monday evening to discuss the budget and a follow up meeting is scheduled for Monday, November 14, 2022. Once a consensus is reached, we will share the alternative proposals with you and then vote on which proposal makes the most sense for the Members.

The second issue concerns Dufort Water Association and nominations for its Board. Historically, the Crossing HOA Board Members have also served on the Dufort Water Association Board. At the Semi-Annual meeting, we received several nominations for this Board including: Peter Condry, Michelle Hudson, Naomi Oscarson, Jason Cushman, Burt Quick, Dede O'Brien. We asked for and have now received resumes from each nominee. The Board apologizes for the delay in sharing these resumes with the Members following the October Semi-Annual meeting. This was due to four Board members being out of State over the past 10 days. One suggestion has been made to schedule a Zoom meeting with all members so that the candidates can be questioned on their respective positions concerning issues facing this Association. Following that Zoom meeting, members will be asked to cast one vote per lot for a new Dufort Water Association board member.

As an alternative to voting on new board members for Dufort Water Association now, there is another proposal which the Board would like to share with the members at this time. Attached is a Notice of Change in Water Rights Ownership which transfers ownership of the Dufort Water system from Hansen Investments, LLC to the Crossing

HOA. Once approved by the State of Idaho Department of Water Resources, a license will be issued conveying ownership rights in and to the Crossing HOA. It is expected that the license will be granted but will take several months to go through. Anticipating that this action will occur, an alternative would be to merge Dufort Water Association with the Crossing HOA now, such that we will have one board responsible for the Crossing HOA and Dufort Water which has historically been the case. The advantage to merging Dufort Water Association with the Crossing HOA will be to eliminate the costs associated with managing two separate legal entities including separate tax returns, legal expenses etc. The savings would amount to a minimum of \$5,000 per year. Another advantage would be to eliminate potential conflicts that develop between two separate boards having different agendas that could result in gridlock and significant animosity between all members. If the members believe that the current board is not doing a sufficient job, they still retain their voting rights to remove the board and install a new board or board member.

Gerard Dougherty
Treasurer

EXHIBIT “J”



Pend Oreille River

Willow Bay Marina and RV
Resort LLC Property

The Crossing at Willow Bay
Subdivision

*Property lines are approximate.

EXHIBIT “K”

Davison, Copple, Copple & Copple, LLP
Attorneys at Law

Direct Contact:

Terry C. Copple
Direct: (208) 472-4551

E-Mail: tc@davisoncopple.com
www.davisoncopple.com

199 North Capitol Boulevard, #600
Post Office Box 1583
Boise, Idaho 83701

Telephone: (208) 342-3658
Facsimile: (208) 386-9428

November 17, 2022

SENT VIA EMAIL & REGULAR U.S. MAIL

Dufort Water Association, Inc.
Attn: Gerard Dougherty, Treasurer
39 Dawson Avenue, #90
Priest River, Idaho 83856
gmd@dllawyers.com

Erik P. Smith
Lake City Law Group PLLC
435 W. Hanley Ave., Ste. 101
Coeur d'Alene, Idaho 83815
esmith@lclattorneys.com

The Crossing HOA, Inc.
Attn: Patty Cole, Secretary
39 Dawson Avenue, #90
Priest River, Idaho 83856
pattyleccole@gmail.com

Dufort Water Association, Inc.
c/o Sentry Management Inc.
Attn: Sara Masters
1110 W. Park Place, Suite 101
Coeur d'Alene, Idaho 83814
smasters@sentrymgt.com

Dufort Water Association, Inc.
Attn: Burt Quick, President
39 Dawson Avenue, #90
Priest River, Idaho 83856
president@idahocrossinghoa.org

Re: *Willow Bay Marina and RV Resort, LLC*

Dear Ladies and Gentlemen:

This letter is a follow up to our letters to the Dufort Water Association, Inc., dated October 18, 2022, and October 20, 2022.

We have reviewed your recent response with our client and we understand that Dufort Water Association, Inc. ("Dufort Water") has the identical Board of Directors of The Crossing HOA, Inc. ("HOA"). We further understand that the HOA is in great need of funds as the result of running at an \$80,000.00 deficit. We further understand that Dufort Water as a result of water assessments paid by its members as well as our client has a \$100,000.00 reserve fund for the repairs and future replacements necessary for the wells and water system of Dufort Water.

It has come to our attention that the HOA, through its control of Dufort Water, has elected not to provide notice of Dufort Water meetings to our client even though it is a full member of Dufort Water. We also understand that the HOA, acting through its control of the Board of Dufort Water, is attempting to revise the organizational documents of Dufort Water in order to deny our client its status as a full member of Dufort Water. Also pending is the intention of the HOA, acting through its control of the Board of Dufort Water, to take the water rights of Dufort Water away from it and put those water rights into the name of the HOA. This has become obvious from recent filings made by the HOA with

the Idaho Department of Resources purporting to transfer the water rights of Dufort Water over to the HOA without compensation or independent representation under the guise that it has acquired the water rights as a result of an acquisition from Hanson Investments, L.L.C., all of which transfer have been denied by Hanson Investments, L.L.C. Finally, it has been the express intention of the HOA, through its control of the Board of Directors of Dufort Water, to merge Dufort Water into the HOA and thereby acquire all of the assets and \$100,000.00 cash surplus held by Dufort Water to use for its own purposes.

In light of all of the foregoing matters, our client hereby demands that Dufort Water immediately do the following:

1. Confirm in writing that our client, Willow Bay Marina and RV Resort, LLC, is presently and will remain a full voting member of Dufort Water in accordance with the organizational documents of Dufort Water for all multiple properties with multiple votes owned by our client; and
2. Provide to our client at the address of Willow Bay Marina & RV Resort, LLC, c/o Ron Amundson, P.O. Box 9263, Seattle, Washington 98109, all proper written notices of any meetings of the membership or the Board of Directors of Dufort Water, as well as copies of any correspondence, notices, and emails to the water membership from Dufort Water that may occur in the future; and
3. Cease and desist from attempting to modify, alter or change the Articles of Incorporation, Bylaws or other organizational documents of Dufort Water to deny Willow Bay Marina RV Resort, LLC or any other member of their voting rights which are now vested and constitute property rights that cannot be taken away by Dufort Water; and
4. To the extent, if any, any funds or property of Dufort Water has been transferred or conveyed to the HOA from Dufort Water, then please consider this letter as a demand for such property to be returned back to Dufort Water; and
5. Dufort Water immediately repudiate the effort of the HOA to convert and take the water rights of Dufort Water away from it as is purporting to take place by a Notice of Claim for Water Right and the Notice of Change in Water Right Ownership filed with the Idaho Department of Water Resources by the HOA. Such purported transactions are void and of no force and effect because Dufort Water has not transferred any of its water rights to the HOA and is prohibited by its organizational documents and law from divesting itself of its property interest in its vested property rights; and
6. Dufort Water shall immediately file its own Notice of Claim of Water Right in its own name and take all further appropriate steps to protect its water rights under Idaho law to its water system; and
7. Immediately confirm in writing that Dufort Water Board of Directors has ceased attempting to merge Dufort Water with the HOA in order to acquire the assets and cash funds of Dufort Water; and

8. The Board of Directors of Dufort Water immediately resign as members of the Board of Directors, as well as all officers appointed by the Board who may also be officers of the HOA based upon the conflict of interest and multiple breaches of fiduciary duties owed to Dufort Water as a result of the acts and omissions in attempting to remove the assets of Dufort Water and convert them to the assets of the HOA in violation of the rights of Willow Bay Marina RV Resort, LLC and the other members of Dufort Water. As a result, Dufort Water should hold a new election of board members to take place as soon as is administratively possible; and
9. We request on behalf of our client that we receive copies of any and all meeting notices and minutes of all Dufort Water members' meetings for 2019, 2020, 2021, and 2022, and all other records of any actions approved by the members for such period of time. This request is made pursuant to Idaho Code § 30-30-1102. Also, please provide copies of all membership lists for such years which request is made pursuant to Idaho Code § 30-30-1104. The membership lists are requested to verify the qualification of the members identified in the requested minutes. The membership list will not be used to solicit money or property, shall not be used for any commercial purposes, and will not be sold to or purchased by any person. The reasonable charges for copying the records and forwarding to this office on behalf of our client shall be paid by our client.

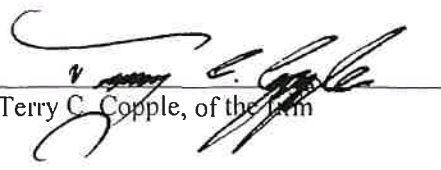
Please consider this demand as a claim for the protection and enforcement of the rights of our client, Willow Bay Marina RV Resort, LLC, as well as a demand on the Board to take such actions as demanded herein and if not taken by the Board and its officers then this letter shall constitute a notice of the future enforcement by a derivative action to compel the Board of Directors and its officers to protect the rights and property of Dufort Water.

In the event that such actions are not taken, then our client has instructed us to proceed with such additional steps and actions as may be deemed necessary by our client to protect its rights and the assets of Dufort Water from being converted. Further, in the event that it is necessary that litigation be instituted, then our client will, in addition to all of its other rights and remedies, seek an injunction from the District Court to prevent the oppressive actions currently being taken to take and convert as well as destroy the rights of our client in Dufort Water.

Very truly yours,

DAVISON, COPPLE, COPPLE & COPPLE, LLP

By: _____


Terry C. Copple, of the firm

DUFORT WATER ASSOCIATION, INC.

c/o Sentry Management Inc.
1110 W. Park Place, Suite 101, Coeur d'Alene, ID 83814
(208) 676-8626 - direct | (208) 676-8603 - fax

September 19, 2022

Willow Bay Marina & RV Resort, LLC
c/o Ron Amundson
PO Box 9263
Seattle, WA 98109

RE: Restaurant

Second Delinquent Assessment Notice

Dear Willow Bay Marina & RV Resort, LLC:

According to Dufort Water Association, Inc. records, as legal owner of the property noted above, your account is past due, which may include assessments, late fees, finance charges, and/or administrative fees. This account is at least ninety (90) days in arrears.

For your reference, the past due policy for the Association is printed on the reverse of this letter. Pursuant to the Dufort Water Association, Inc. CC&Rs, the Board of Directors may record a claim of lien against the property of any member who fails to keep their account(s) current.

As of this date, your past due amount includes:

Late Fee/Non Payment Fee - \$207.00

Admin Fee for Prep Delinquent - \$70.00

Restaurant/Clubhouse Assessmen - \$1,380.00

Please review your statement and bring your account current immediately to prevent further action by the Association. Your statement includes a coupon with instructions on where to send payment. Should you have any questions regarding this notice, please contact our office at (208) 676-8626.

Unless you dispute the validity of the debt described above within thirty (30) days of the receipt of this notice, Dufort Water Association, Inc. will assume this debt to be valid.

On behalf of the Board of Directors,

Accounts Receivable Department

Sentry Management Inc.

Cc: Board of Directors – Dufort Water Association, Inc.

Dufort Water Association, Inc.
 c/o Sentry Management, Inc.
 1110 W. Park Place, Ste 101
 Coeur d'Alene, ID 83814
 208-676-8626

Due Date	Account Number
Upon Receipt	1112008401

Willow Bay Marina & RV Resort, LLC
 C/O Ron Amundson
 PO Box 9263
 Seattle, WA 98109

RE: Restaurant

Statement

Date	Description	Ref#	Charges	Payment	Balance
Primary					
6/1/2022	Annual Restaurant Assessment (Jan-Dec 2022)		\$1,380.00		\$1,380.00
7/15/2022	Late/Non Payment Fee		\$69.00		\$1,449.00
8/15/2022	Late/Non Payment Fee		\$69.00		\$1,518.00
8/15/2022	Late Letter Fee		\$35.00		\$1,553.00
9/15/2022	Late Letter Fee		\$35.00		\$1,588.00
9/15/2022	Late/Non Payment Fee		\$69.00		\$1,657.00
					
9/19/2022	Current Account Balance				\$1,657.00

HB642 Disclosure of Fees with Sale Per Idaho Statute §55-116 and §55-1528 - The following fees are collected with ownership transfer:
 Transfer Fee to the Management Company of \$100.00. Refinance fee to Management Company, Preparation of documents: \$25.00

Important

Please be sure to reference your new 10 digit account number on your check.

Return your payment with the coupon provided below.

Willow Bay Marina & RV Resort, LLC
 C/O Ron Amundson
 PO Box 9263
 Seattle, WA 98109

Use 10 Digit Acct# Below on Payment
 1112008401

Make Check Payable To:
 Dufort Water Association, Inc.

pd 9/21/22
#1012

Please Remit Coupon And Statement To:

Dufort Water Association, Inc.
 c/o Sentry Management Inc.
 PO Box 174390
 Denver, CO 80217-4390

Amount Due: \$1,657.00

Date Due: Upon Receipt

Check #: _____

Amount Paid: _____

1110 001136 0000001112008401 WILLOWBAYMAR 165700 3

Dufort Water Association, Inc.
 c/o Sentry Management, Inc.
 1110 W. Park Place, Ste 101
 Coeur d'Alene, ID 83814
 208-676-8626

Due Date	Account Number
Upon Receipt	1112008401

Willow Bay Marina & RV Resort, LLC
 PO Box 463
 Priest River, ID 83856

*Wrong address
 corrected 9/9/22*

RE: Restaurant

Statement

Date	Description	Ref#	Charges	Payment	Balance
Primary					
1/1/2022	Previous Balance				\$0.00
6/1/2022	Annual Restaurant Assessment (Jan-Dec 2022)		\$1,380.00		\$1,380.00
7/15/2022	Late/Non Payment Fee		\$69.00		\$1,449.00
					
7/16/2022	Current Account Balance				\$1,449.00

Per the governing documents of the Association, YOUR ACCOUNT IS PAST DUE. Please bring this delinquent amount current as soon as possible to avoid further action which may include processing fees and late payment penalties.

Willow Bay Marina & RV Resort, LLC
 PO Box 463
 Priest River, ID 83856

Use 10 Digit Acct# Below on Payment
 1112008401

Make Check Payable To:
 Dufort Water Association, Inc.

Dufort Water Association, Inc.
 c/o Sentry Management Inc.
 PO Box 174390
 Denver, CO 80217-4390

Amount Due: \$1,449.00

Date Due: Upon Receipt

Check #: _____

Amount Paid: _____

1110 001136 0000001112008401 WILLOWBAYMAR 144900 6

DUFORT WATER ASSOCIATION, INC.

Sentry Management, Inc.
1110 W Park Place, Suite 101
Coeur d'Alene, ID 83814
(208) 676-8626 - Office (208) 676-8603 - Fax

August 2022 Financial Reports

Monday, September 26, 2022

Attn: Board of Directors

Attached are the following financial reports ending August 31, 2022

Mountain West Bank

Operating \$126,558.99

Pacific Premier Bank

Operating \$74,196.85
\$200,755.84

Monthly financial reports (attached) as follows:

Balance Sheet	
Income & Expense Report	August & YTD
Budget Performance	August & YTD
Accounts Receivable	
Prepaid Assessments	
Accounts Payable	
Vendor Transaction List	
Sentry Incidentals	Paid August

Operating Expenses Paid in August 2022

Country Mutual Insurance Co.	\$706.00	Liability insurance
Debit	\$143.05	2 Transactions at 2 vendors
Northern Lights, Inc.	\$630.49	Monthly electricity
Sentry Management, Inc.	\$225.00	Monthly set fee
Sentry Management, Inc.	\$114.12	July incidentals
Water Systems Management	\$1,362.08	Monthly system operator
Total Operating Expenses Paid August 2022	\$3,180.74	

Prepared by: Robyn Haaland
Reviewed by: Sara Masters

Dufort Water Association, Inc.
Balance Sheet
Period Through: 8/31/2022

Assets			
Cash-Operating			
1001 - MWB - Operating Account	\$126,558.99		
1005 - PPB Operating Account	\$73,871.85		
Cash-Operating Total		\$200,430.84	
Owner Receivables			
1100 - Accounts Receivable - Owners	\$2,284.50		
Owner Receivables Total		\$2,284.50	
Assets Total			\$202,715.34
Liabilities and Equity			
Accounts Payable			
2000 - Accounts Payable - Vendors	\$1,089.50		
Accounts Payable Total		\$1,089.50	
Prepaid Fees			
2040 - Prepaid Assessments	\$90.00		
Prepaid Fees Total		\$90.00	
Retained Earnings		\$190,461.46	
Net Income		\$11,074.38	
Liabilities & Equity Total			\$202,715.34

Dufort Water Association, Inc.
Income & Expense Monthly & YTD
8/1/2022 - 8/31/2022

	8/1/2022 - 8/31/2022	Year To Date
<u>Income</u>		
Assessments		
4001 - Operating Assessment	\$0.00	\$22,140.00
4003 - Restaurant & Clubhouse Assessment	\$0.00	\$1,920.00
4010 - Hookup Fees	\$0.00	\$15,000.00
Total Assessments	\$0.00	\$39,060.00
Other Income		
4202 - Late Fee/Non-Payment Fee	\$114.00	\$273.00
4205 - Reserve Interest	\$1.08	\$8.62
Total Other Income	\$115.08	\$281.62
Pass thru Costs		
4301 - Transfer Set-up Fee to Management	\$0.00	\$200.00
4302 - Delinquent Letter	\$105.00	\$105.00
Total Pass thru Costs	\$105.00	\$305.00
Total Income	\$220.08	\$39,646.62
<u>Expense</u>		
Pass thru expense		
5001 - Transfer Set-up Fee to Management	\$0.00	\$200.00
Total Pass thru expense	\$0.00	\$200.00
Professional		
5101 - Association Management Fee	\$225.00	\$1,800.00
5108 - CPA/Audits	\$0.00	\$310.00
5113 - Legal General Fees	\$81.25	\$121.25
Total Professional	\$306.25	\$2,231.25
Office Expense		
5201 - Postage	\$0.00	\$62.78
5202 - Copies	\$0.00	\$167.25
5204 - Bank & Service Fee	\$0.00	\$4.81
5206 - Storage of Records	\$0.00	\$4.50
5207 - Recording & Permit Fees	\$0.00	\$240.27
5215 - HOA Computers	\$0.00	\$119.00
Total Office Expense	\$0.00	\$598.61
Insurance Expense		
5301 - Liability/Property	\$706.00	\$706.00

Dufort Water Association, Inc.
Income & Expense Monthly & YTD
8/1/2022 - 8/31/2022

Total Insurance Expense	\$706.00	\$706.00
Water System		
6550 - Water System Operator	\$675.00	\$6,075.00
6551 - Water Testing	\$25.00	\$275.00
6552 - Other Services by Water Operator	\$308.25	\$1,600.33
6553 - Repair & Maintenance	\$143.05	\$11,867.61
6559 - Electricity	\$630.49	\$3,997.94
6570 - Maintenance Building	\$0.00	\$1,010.50
Total Water System	\$1,781.79	\$24,826.38
Utilities		
6502 - Electricity	\$0.00	\$0.00
Total Utilities	\$0.00	\$0.00
Taxes		
6702 - State Taxes	\$0.00	\$10.00
Total Taxes	\$0.00	\$10.00
Total Expense	\$2,794.04	\$28,572.24
Operating Net Income	(\$2,573.96)	\$11,074.38
Net Income	(\$2,573.96)	\$11,074.38

Dufort Water Association, Inc.

WATER

	2022 ACTUAL THROUGH AUGUST	PROPOSED 2023 BUDGET		REMAINING RESERVE BALANCE
4001 - Operating Assessment	22,140.00	\$30,240.00	54 Existing; 4 new anticipated @ 6 mos/each	\$ 200,755.84 8/31/2022
4003 - Restaurant & Clubhouse Assessment	1,920.00	\$2,100.00		\$ 20,000.00 Expected Expenses Sept - Dec
4010 - Hookup Fees	15,000.00	\$10,000.00	4 New Homes hooked up	\$ 180,755.84
4202 - Late Fee/Non-Payment Fee	273.00	\$0.00		
4205 - Reserve Interest	7.54	\$10.00		
4301 - Transfer Set-up Fee to Management	200.00	\$0.00		
4302 - Delinquent Letter	105.00	\$105.00		
INCOME	39,645.54	\$42,455.00		
5001 - Transfer Set-up Fee to Management	200.00	\$0.00		
5101 - Association Management Fee	1,800.00	\$2,300.00		
5108 - CPA/Audits	310.00	\$310.00		
5113 - Legal General Fees	121.25	\$5,000.00	H2O Quality/Quantity Rights	
5201 - Postage	62.78	\$100.00		
5202 - Copies	167.25	\$250.00		
5204 - Bank & Service Fee	4.81	\$5.00		
5206 - Storage of Records	4.50	\$10.00		
5207 - Recording & Permit Fees	240.27	\$100.00		
5215 - HOA Computers	119.00	\$0.00		
5301 - Liability/Property	706.00	\$900.00		
6550 - Water System Operator	6,075.00	\$8,500.00		
6551 - Water Testing	275.00	\$600.00		
6552 - Other Services by Water Operator	1,600.33	\$2,200.00		
6553 - Repair & Maintenance	11,860.61	\$8,000.00	Mother Board	
6554 - Fire Hydrant Testing - Annual	-	\$1,000.00		
6559 - Electricity	3,997.94	\$6,000.00		
6702 - State Taxes	10.00	\$10.00		
8202 - Water Pipe Replacement	-	\$1,000.00		
EXPENSES	27,554.74	\$36,285.00		
NET	12,090.80	\$6,170.00		
CAPITAL EXPENSE - RESERVE BUDGET				
6570 - Maintenance Building		\$	180,755.84	
8201 - Plant Motherboard Replacement			\$12,000.00	Trenching & Water Hookup
NET			\$8,000.00	\$7000 deposit paid
			\$166,925.84	



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

2110 Ironwood Parkway, Coeur d'Alene, ID 83814 (208) 769-1422

C. L. "Butch" Otter, Governor
Toni Hardesty, Director

October 26, 2010

Phyllis Shankman, Owner
Willow Bay View Lots
281 Willow Bay Rd
Priest River, ID 83856
Pflower42@aol.com

Subject: **Willow Bay View Lots**, Water Main Extension to Dufort Water Association (The Crossing Development), P&S Approval

Dear Ms. Shankman:

The Idaho Department of Environmental Quality (DEQ) has reviewed the revised plans and specifications (P&S) titled "Willow Bay View Lots, Water Line Extension, October 20, 2010" (P&S #11560) submitted October 26, 2010 prepared by Scott McArthur, P.E., of h2 Engineers. Submitted with the P&S was a response to DEQ October 12, 2010 comments on the original P&S (P&S #11548) and a revised "Design Criteria" summary for The Crossing water system.

The Willow Bay View Lots project will construct about 1,050 feet of 8-inch C900 Class 150 PVC pipe and connect into an existing Dufort Water Association (formerly called The Crossing Development) 8-inch main. DEQ approved The Crossing water system in 2006 to serve the 82 lots proposed with that development. As part of the information submitted by Mr. McArthur for the water main extension to serve Willow Bay View Lots, he adequately demonstrated that The Crossing water system as originally constructed is capable of serving 103 connections (82 connections-The Crossing Development; 6 connections- Willow Bay View Lots; 15 connections- Willow Bay Holdings and Willow Bay Marina). The revised design criteria prepared by Mr. McArthur should be included in the November 2006 O&M Manual for The Crossing.

The 2007 record drawings for The Crossing water system show the normal operating water depth in the storage tank (below the overflow pipe invert) to be seven (7) feet based on the elevations of the floor and water surface below the overflow pipes. As part of the investigation into the capacity of The Crossing water system, it was determined by measuring the water depth in the tank that the normal operating depth is nine (9) feet.

The Dufort Water Association will own and operate this water main after it is constructed. An 8-inch connection for the Willow Bay Holdings property is shown at about Sta. 10+25. The main will provide the Willow Bay View Lots with a total of six (6) connections. Three (3) lots were platted in 1995 and the "sanitary restriction" lifted. The plat for Willow Bay View Lots states that the lots will have drinking water served by individual wells and not be served by a water system. Consideration should be given to revising the plat now that a water system will be serving these lots. Subsurface wastewater disposal sites are shown on the plans for the three (3) lots and approved by the Panhandle Health District (PHD). Adequate separations have been planned between the subsurface disposal areas and the water mains. Platting for the other lots that could use the additional water system connections has not been completed.

Ms. Shankman, Willow Bay View Lots Water Main Extension, P&S Approval
October 26, 2010
Page 2

The P&S are hereby **approved** for construction purposes in accordance with the Idaho Rules for Public Drinking Water Systems and Section 39-118 of Idaho Code.

Inspection of construction activities approved herein must be done by an Idaho licensed Professional Engineer (P.E.) or by someone under the direct supervision of a P.E. It is assumed that Scott McArthur of h2 Engineers will provide inspection services.

If any material deviations to this accepted design are necessary, the design engineer must secure DEQ approval of the changes prior to implementation of the changes.

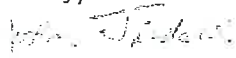
Within thirty (30) days of completion of construction, Section 39-118(3) of Idaho Code requires that record plans and specifications based on information provided by the construction contractor and field observations made by the engineer or the engineer's designee be submitted to DEQ. The record drawings must depict the actual construction of facilities. The record drawing submittal must be made to DEQ by the engineer representing the public agency or regulated public utility, if the resultant facilities will be owned and operated by a public agency or regulated public utility; or by the design engineer or owner designated substitute engineer, if the constructed facilities will not be owned and operated by a public agency or regulated public utility. Such submittal by the professional engineer must confirm material compliance with the approved plans or disclose any material deviations from the approved plans.

If construction is not completed within one year of the date of this letter, the DEQ construction approval expires. An extension may be granted if the design engineer submits a written request that DEQ re-approve the plans and specifications.

This letter does not constitute approval of stormwater control design. Please contact your local stormwater control authority for details on appropriate requirements. Control of sedimentation and erosion during construction activities must be achieved by the use of acceptable best management practices (BMPs) and is considered the responsibility of the owner/developer of the project.

If you have any questions, please call.

Sincerely,


John C. Tindall, P.E.
John.tindall@deq.idaho.gov

c: Scott McArthur, P.E., h2 Engineers, Hayden smcarthur@h2survey.com
Timothy Krech, Willow Bay View Lots timothykrech@gmail.com
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File in TRIM: Willow Bay View Lots (P&S #11560)

Dufort Water System Evaluation

October 26, 2010

This report was prepared in accordance with obtained information from the Idaho Department of Environmental Quality (IDEQ), Water Systems Management, Inc. and Bob Hansen, and in accordance with the Sizing Guidelines for Public Water Supplies, as prepared by the Washington Department of Social and Health Services, Division of Health. Some information included in this report include data from the reservoir record drawings, as provided by IDEQ, online IDWR well log reports, and the operations and maintenance manual information, as provided by IDEQ. Assumptions made in this report are consistent with the design engineer. The information provided, and the calculated data within on this report indicate that this existing water system has the available capacity to serve the proposed 21 additional water service connections, for a total of 103 connections on this water system.

Known Information

Existing Reservoir Data:

Reservoir Water Depth:	9.00	feet	* Record Drawings dated 7/27/07 and Reservoir recorded data dated 1/30/2006 as submitted to IDEQ. Capacity depth of 9-feet confirmed by Bob Hansen of Water Systems Management, Inc (WSMI) on October 26, 2010. 1 cubic feet = 7.481 gallons
Reservoir Inside Length:	78.67	feet	
Reservoir Inside Width:	14.67	feet	
Reservoir Capacity:	10,387	cubic feet	
Reservoir Capacity:	77,704	gallons	

Miscellaneous Data:

Reservoir water elevation:	2,149	feet	* The Crossings Record Drawings - NGVD 29
Highest connection elevation:	2,180	feet	* The Crossings Record Drawings - NGVD 29
Lowest connection elevation:	2,074	feet	* Willow Bay View Lots Water Plans - NGVD29
System controlling elevation:	-31	feet	* Reservoir Elevation - Highest connection elevation
Static Head Pressure:	-13	psi	* At Highest service elevation (2.31 ft = 1 psi)
Minimum Operating Pressure:	40	psi	* As recommended by Idaho rules for Public Drinking Water Systems
Minimum Operating Head:	53	psi	* System operates at 60 psi per WSMI

Well data:

Well #1:	528	gpm	* IDWR Log - 0015405 - 20 hp American Marsh N58MC-1
Well #2:	676	gpm	* IDWR Log - 0019716 - 40hp American Marsh N57MC-3
Total Well production (Q _w):	1,204	gpm	* Sum of well flows

Booster Pump data:

Pump #1:	60	gpm	* Per DEQ Filed O&M - 5hp - AV McDonald 27500W3Y
Pump #2:	400	gpm	* Per DEQ Filed O&M - 20hp - American Marsh N58KC
Pump #3:	400	gpm	* Per DEQ Filed O&M - 20hp - American Marsh N58KC
Pump #4:	400	gpm	* Per DEQ Filed O&M - 20hp - American Marsh N58KC
Total Reservoir production (Q _p):	1,260	gpm	* Sum of pump flows

Maximum Instantaneous Demand (MID):

Residential:

The Crossings Development:	82	
Willow Bay Holdings Property:	15	
Willow Bay View Lots:	6	
Total # of Residential Connections:	103	
MID:	155	gpm

* Number of services per the plat of the Crossings, and agreements to supply water to Willow Bay Holdings and Willow Bay View Lots. See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington - Table I - Tabulated Maximum Instantaneous Flows

Irrigation:

The Crossings Dev. (Par. > 2.5 acres):	8	
The Crossings Dev. (Irr. acres):	84	
Willow Bay Holdings property:	4	* assumed
Willow Bay View Lots:	4	* assumed
MID:	875	gpm
Total MID:	1,030	gpm

* Number of services per INC's evaluation of The Crossings. Assumed maximum number of lots over 2.5 acres for Willow Bay Holdings property and Willow Bay View Lots based on existing acreages. See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington - Table I - Tabulated Maximum Instantaneous Flows

Daily Supply Requirement:

Total number of connections	103	
Usage requirement per connection:	1,500	gpd
Total Daily Supply Requirement:	154,500	gpd/conn

* See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington, for minimum production capabilities

Standby Storage (SS) Requirement:

800 Gallons/Connection:	82,400	gallons
Minimal Pump Production:	528	gpm
Minimal Pump Production (gal/conn/day):	7,382	gallons
Total SS:	75,018	gallons

* See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington - 100 or More Connections, Single Source

Equalization Storage (ES) Requirement:

$$ES = (MID - Q_w) \times (150) \sim ES = 0 \text{ if } MID < Q_w$$

MID:	1,030	gpm
Source Production (Q_w):	1,204	gpm
Total ES:	0	gallons

* See attached sizing guidelines for Public Water Supplies, Division of Health, Olympia, Washington - Equalizing Storage
** Source (Q_w) per INC evaluation of system design

Fire Flow Requirement:

Required flow:	1,250	gpm
Required pressure:	20	(psi)
Equivalent Storage Volume:	150,000	gallons
Source Production Rate (Q_w):	1,204	gpm
Source Equivalent:	144,480	gallons
Required Storage Volume:	5,520	gallons

* 2hr minimum

* 1250gpm @ 2 hrs

* Sum of C & D flows

* 1204gpm @ 2 hrs

* Storage Eq - Source Eq

* All homes larger than 3600 SF in the Crossings Development are required to NFPA sprinkler system installed.



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Provided Storage:

Storage Required:	80,538	gallons	* Total SS - ES + Fire Flow
	10,766	cubic feet	
Storage Provided:	77,704	gallons	* Reservoir
	10,387	cubic feet	
Difference:	-2,835	gallons	

Provided Storage < Required Storage (SEE "STORAGE NOTE" BELOW)

STORAGE NOTE: Regulations now require that required storage be the summation of the standby storage, the equalization storage and the fire flow storage. Though the system is approximately 2,835 gallons short of the required storage for the proposed 103 connections, the 135kW standby generator appears to have been adequately sized to operate the well pumps, and the booster pumps under most situations, such as a power outage or a pump failure. A load test on the existing generator was not observed by the system operator or h2. It is recommended that if a full load test of the generator has not recently been completed, that one be scheduled, observed and well documented by the Dufort Water System for future reference.

System Pressures:

Record Drawings indicate three (3), 86-gallon pressure tanks were installed. According to the Operations and Maintenance Manual, and the Control Panel Construction documents, the booster pumps, and well pump #2, were installed with a Variable Frequency Drive's (VFD); thus eliminating the need for all but one (1) pressure tanks (to eliminate the potential for water hammer) when the system usage increases. According to Water Systems Management, Inc., the system operating pressure is currently set at 60 psi.

Chlorination:

Residential MID:	1,030	gpm	* See MID Calculations above
Minimum Chlorine Contact Time:	30	minutes	* Assumed contact time by design engineer as precautionary measure only
Contact Area (ex. depth x ex. width):	132	square feet	* water depth * Reservoir inside width
Minimum Inside length (contact time):	28.60	feet	* ((MID * Contact Time) / (7.481 gal/cf) / Contact Area)
Existing inside length:	78.67	feet	* per Record Drawings
Estimated Contact Time:	75	minutes	* (Reservoir CF * 7.481 gal/cf) / (MID)

