

RESOLUTION NO. 1-2004

A RESOLUTION OF THE CITY COUNCIL OF CLARK FORK, OF BONNER COUNTY, IDAHO, RELATING TO THE LEASE OF REAL PROPERTY AT 13 BRYAN DRIVE, CLARK FORK, IDAHO, (CLARK FORK FIRE STATION); PROVIDING CERTAIN COVENANTS OF CLARK FORK; PROVIDING FOR THE EXECUTION OF A BUILDING LEASE AND OTHER DOCUMENTS ASSOCIATED WITH THE FINANCING OF THE FACILITY; PROVIDING FOR THE EFFECTIVE DATE OF THIS RESOLUTION; AND PROVIDING FOR OTHER MATTERS RELATING THERETO

CITY OF CLARK FORK
Bonner County, Idaho
FIRE STATION PROJECT
(PANHANDLE AREA COUNCIL, INC.)

BE IT RESOLVED BY THE CITY COUNCIL OF CLARK FORK, of Bonner County, Idaho, ("Clark Fork"), as follows:

WHEREAS, the Board of Directors of Panhandle Area Council, Inc. ("PAC") has adopted a Resolution relating to the issuance its Promissory Note, 2004 (City of Clark Fork Fire Station Project) in the aggregate principal amount of not to exceed \$96,000 (the "Note"), the proceeds of which will be used by PAC to acquire the real property and a building situated at 13 Byran Drive, in Clark Fork, Idaho, (the "Project") for use by Clark Fork as a fire station (the "Project"). The leased real property is in Bonner County, Idaho, and specifically described as:

Lots 12 and 13, Gunderson's Addition according to the plat thereof, recorded in Book 3 of Plats, Page 93, records of Bonner County, Idaho.; and

WHEREAS, Clark Fork intends to receive title to the Project upon the payment of all of the rent payments under the Real Property and Building Lease (the "Building Lease"); and

WHEREAS, City of Clark Fork has the authority to enter into a Building Lease of the above-described real property as lessee with PAC as lessor; and

WHEREAS, PAC has approved or will in the near future approve the issuance of the Note by Resolution; and

WHEREAS, PAC has accepted a Sale Contract (the "Sale Contract") from Mike Young and Lori Young, husband and wife, ("Youngs") of Clark Fork, Idaho, and will execute certain documents in connection with the Sale Contract including, but not limited to, the Building Lease and a Deed of Trust (collectively the "Deed of Trust"), and other documents to provide financing for the project, including but not limited to the Promissory Note between PAC and the Youngs, and various Resolutions and documents of Clark Fork; and

WHEREAS, upon the completion of the acquisition of the Project, it will serve residents of Clark Fork in furtherance of the mission of PAC and the municipal goals of Clark Fork;

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NOW, THEREFORE, IT IS FURTHER RESOLVED BY THE CITY COUNCIL OF CLARK FORK as follows:

Section 1. Note Issuance.

The Note shall be issued by PAC in accordance with proceedings approved by its Board of Directors. Clark Fork hereby acknowledges the issuance of the Note by PAC. The Note shall not constitute a financial obligation, either direct or indirect, of Clark Fork or of the Board of Trustees of Clark Fork.

Section 2. Covenants Regarding Use.

Upon the completion of the Project, it will be operated by Clark Fork for the benefit of the residents of Clark Fork. In recognition of this support of Clark Fork's goals of providing service to the residents of Clark Fork in an efficient and effective manner, Clark Fork agrees that it shall be a user of the Project. Clark Fork and PAC shall execute and observe the User Agreement with respect to the Project. The documents shall be substantially in the form presented to Clark Fork, and the Mayor and Clerk of Clark Fork are hereby authorized and directed to execute the documents, with such modifications as shall be approved by the Mayor, which approval shall be conclusively presumed by the execution thereof by the Mayor.

Section 3. Approval of Clark Fork.

Clark Fork does hereby approve the purposes and activities of PAC, the arrangement for the issuance of the Note by PAC for the Project, subject to the following terms and conditions:

- A. While the Note remains outstanding, the Project shall be managed and operated by Clark Fork for the benefit of residents of Clark Fork;
- B. Clark Fork's income, if any, shall in no event inure to the benefit of any private person;
- C. Clark Fork shall have a beneficial interest in the Project while the Note remains outstanding in the form of an option to purchase the Project for a price sufficient to retire the Note and any prepayment penalty thereon or by assuming the obligations of PAC;
- D. None of the proceeds of the Note (including investment earnings on such proceeds) shall be used for working capital purposes;
- E. Clark Fork shall have the exclusive beneficial possession and use of the Project and additions to the Project while the Note remains outstanding; and
- F. Upon retirement of the Note, PAC shall convey title to the Project to Clark Fork free and clear of any encumbrance or obligation of any kind.

Section 4. No Liability Under the Note.

The Note to be issued by PAC shall be the obligation of PAC to be paid by the rent under

the Building Lease, secured by the Deed of Trust, and not the debt or obligation of Clark Fork; and neither Clark Fork's approval of PAC or the Note as provided for in this Resolution, nor Clark Fork's acceptance or receipt of title to the Project upon retirement of the Note, shall result in, or be deemed to impose, any debt, liability or other obligation upon Clark Fork, unless Clark Fork, acting in its sole discretion and as approved by law, shall exercise its right and option to purchase the Project as provided in the User Agreement and in the Building Lease.

Section 5. Agreement to Accept Project.

Clark Fork shall, in accordance with the Building Lease, accept title to the Project upon payment of all lease payments under the Building Lease of and retirement of the Note; PROVIDED, that Clark Fork shall not thereafter be obligated to continue to own or operate the Project if such ownership or operation is determined by Clark Fork in its sole discretion, to be uneconomical or otherwise not in the best interest of Clark Fork.

Section 6. Ratification and Approval of Lease.

A. Ratification of Funding Documents. Clark Fork desires to acquire the use of the real property described above, which is available to be used for the Project. Clark Fork has the authority to lease real property.

B. Approval of the Prolect and Funding Documents. Clark Fork hereby finds that the Project, as described in the Funding Documents, is in the best interests of Clark Fork and its residents, and therefore ratifies and approves the same. Clark Fork hereby approves entering into the Lease of the subject real property. The City Council authorizes the Mayor of Clark Fork to execute the Lease, and the Clerk to Attest thereto, in the form presented to Clark Fork. Modifications to the Lease, as approved by the Mayor, may be made, which approval shall be conclusively presumed by the Mayor's signature on the various Funding Documents.

Section 8. Ratification of Action.

All actions heretofore taken by the City Council, its officers, and employees, with respect to the Lease and the Project are hereby ratified and approved. Clark Fork also ratifies the action taken in conjunction with the execution of the Indemnification and Compensation Agreement.

Section 9. Repealer.

All Resolutions or parts thereof in conflict herewith, to the extent of such conflict, are hereby repealed.

Section 10. Severability.

If one or more of the provisions of this Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then said provision shall be null and void, and shall be deemed separable from the remaining provisions of this Resolution, and shall in no way affect the validity of the remaining provisions of this Resolution.

Section 11. Effective Date.

This Resolution shall be in full force and effect immediately upon adoption.

BE IT FURTHER RESOLVED, that the Mayor of the City of Clark Fork and the Clerk of the City of Clark Fork be and they are hereby authorized to execute necessary documents on behalf of Clark Fork.

Upon said roll call, the text of the foregoing was duly enacted as a Resolution of the City Council of Clark Fork, Idaho, on the 29th day of DECEMBER 2004.

CITY OF CLARK FORK

Thomas A. Shields

Thomas A. Shields Mayor

ATTEST:

Jonell Davisson

Jonell Davisson, Clerk

(SEAL)

I, the undersigned, Clerk of the City of Clark Fork, of Bonner County, Idaho hereby certify that the foregoing Resolution is a full, true, and correct copy of a Resolution duly adopted at a regular meeting of the Board of Trustees of Clark Fork, duly and regularly held at the regular meeting place thereof on _____, 2004, of which meeting all members of said Board had due notice and at which a majority thereof were present; and that at said meeting said Resolution was adopted by the following vote:

AYES, and in favor thereof, Councilpersons:

NAYS, Councilpersons:

ABSENT, Councilpersons:

ABSTAIN, Councilpersons:

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

IN WITNESS WHEREOF, I have set my hand on 12/29, 2004.



Clerk of the City of Clark Fork

(SEAL)