IDAHO WATER RESOURCE BOARD

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District 4

Gary M. Chamberlain
Challis
At Large

Lawrence 'Vic' Armacost
New Meadows
At Large

MINUTES OF SPECIAL TELEPHONIC MEETING

MEETING NO. 08-05
April 8, 2005, 9:37 a.m.
Idaho Department of Water Resources at the Idaho Water Center – 6th Floor
Conference Room 648A 322 East Front Street, Boise, Idaho

Meeting No. 08-05 of the Idaho Water Resource Board was called to order via teleconference by Chairman Rigby
At the Idaho Water Center in Boise Idaho
(One Recording Tape)

Agenda Item No. 1, Roll Call

Board Members Attending

Jerry Rigby, Chairman
Terry Uhling
Dick Wyatt – Secretary
Vic Armacost
Claude Storer
Leonard Beck
Gary Chamberlain

Board Members Absent

Bob Graham

Department of Water Resources Staff Present

Hal Anderson, Administrator
Crystal Calais, Admin. Asst. II
Mike Keckler
Bill Graham, Bureau Chief
Brian Patton

Guests

Rick Skinner
Bill Hiser
Dana Walton
Jim Wrigley
Greg Wyatt and Mike Algranati from United Water

Agenda Item No. 2, Public Comment

There was no public comment.

Agenda Item No. 3, Adoption of Parameters Resolution for United Water 1994 Bond Refunding

Mr. Anderson introduced Mr. Rick Skinner who explained that the Board passed an initial resolution at a previous meeting meeting that was the

approval to moe ahead to prepare the necessary documents related to the issuance of the bonds in the maximum amount of $19,975,000 at a maximum interest rate of 6.4%. The required public hearing was held and there were no persons appearing to testify except for a representative of United Water. The Board can adopt the resolution and submit the appropriate documents to the Governor for his approval.

Mr. Skinner noted that once Wells Fargo calculated the fee based on IRS requirements and gave a credit for the 1994 transaction which reduced the Board's issuance cost amount, United Water decided to withdraw the request for multi-year payout of the Board fee.

Mr. Hiser from Edward Jones reviewed the financial terms of the bonds: 30 year bonds, maturing in 2035, semi-annual interest payments and callable at the option of United Water in 7 years, including an estate feature beginning in 3 years, highest bond rating available AAA because of an insurance agreement. Edward Jones is the underwriter with two co-managers: AG Edwards and Wacovia. The Public Utilities Commission has approved the bond issuance but there is a 21 day appeal period that is running now. Usually there are no appeals and the bonds can be marketed on or about the 27th of April. The hope is that half the bonds would be sold to Idaho residents. The coupon on the bonds will not be set until April 29th. The underwriting fee on the bonds is 3%.

Mr. Skinner suggested that the Board adopt the resolution. The resolution before the Board approves and authorizes the issuance of the bonds subject to the above parameters. It authorizes the indenture, loan agreement, bond purchase agreement subject to the parameters, authorizes the distribution of the official statement and finds that the project is a water project, indicates that the purpose of the bond issue is to refund the prior bonds and appoints Wells Fargo Bank as the trustee and authorizes the execution of the closing documents.

Mr. Chamberlain moved that the resolution be approved. Mr. Wyatt seconded. There was no further discussion.

Roll Call Vote: Wyatt, Aye; Armacost, Aye; Storer, Aye; Beck, Aye; Chamberlain, Aye; Uhling, Aye; Chairman Rigby, Aye. Seven Ayes. *Motion passed.*

Mr. Skinner discussed the mechanisms to get all appropriate signatures on the Resolution. Mr. Anderson stated that the packet for the Governor's office was ready to go.

Agenda Item No. 4, Legislative Appropriation for Water Right purchase, Other Water Projects and Water Issues.

Mr. Anderson stated that the Legislature had adjourned and several bills were passed. He outlined House Bill 392, an appropriation bill to the Idaho Water Resource Board with spending authority to the Department of Water Resources and funds for studies in North Idaho for the Planning and Technical Services Division. Also, money was appropriated to the Soil Conservation Commission. This General Fund money for the Board is for the purchase of Bell Rapids water rights in the amount of $21.3 million. An additional $7.2 million was appropriated to the Revolving Development Account of the Board of which a little over $3 million is to pay the balance of the Bell Rapids purchase price of $24,375,000. $21.3 million will need to be paid back to the Legislature by July of 2006. An additional $3 million was appropriated for the CREP program. This money will become available after July 1 to provide additional dollars to match with the Federal government. This program is designed to take agricultural land out of production especially ground water users. Discussion followed regarding these funds and their uses.

Mr. Patton noted that he had been appointed to the executive committee for the CREP program and he explained the uses for the monies appropriated and their effect on water right owners.

Mr. Anderson discussed House Bill 373 that was created to clarify the scope of actions that can be considered water projects. Phil Rassier addressed the group explaining the context of this bill.

Mr. Anderson presented HB 374 that provides for water districts to develop a fee that IDWR can use for modeling, monitoring and measurement for the Eastern Snake River Plain Aquifer. Mr. Rassier pointed out that the Interim Legislative Committee had discussed the concept of water users providing financial support for the department's efforts with a cap at $1.2 million with a factor for inflation increases. The collection of this assessment will not occur until 2006 or later.

Mr. Armacost asked what the Board's role would be with this new legislation. Chairman Rigby said there would be further discussion at future meetings regarding this subject. Mr. Anderson stated that at this point, he wasn't sure. Mr. Rassier stated that the Director would be open to the Board's counsel on the department's administration of ESPA water rights.

Mr. Anderson then discussed HB 394 that provides for mandatory membership of water right holders in ground water districts. Mr. Rassier discussed the objectives in getting this legislation passed. Mr. Wrigley expressed concerns about assessment liens that could be put on property. This is an issue that will be addressed in greater detail in the next agenda item.

Mr. Anderson then presented House Concurrent Resolution #28 that is a statement by the Legislature promoting managed recharge and it directs the Board and the Natural Resource Interim Committee to continue to look at opportunities to develop an effective managed recharge program on the Eastern Snake. House Concurrent Resolution #25 reestablishes the Natural Resource Interim Legislative Committee to continue another year.

There was general discussion concerning the Surface Water Coalition Call and the status of the Director's order that will soon be issued.

Agenda Item No. 5, Water Leasing for 2005 Ground Water Mitigation

Mr. Anderson spoke about the water supply situation for this year particularly the ground water users who have been trying to acquire water to lease for the upcoming season. The Board had solicited water that could be leased or purchased beyond the Bell Rapids acquisition. A conference call with IGWA took place and Chairman Rigby who participated discussed the options for the ground water users and for the Board about purchasing water rights. The Board will be involved in these purchases in the future. Discussion ensued as to the solutions for these problems.

Mr. Anderson stated that the main issue for this agenda item is potential curtailment of junior ground water rights for this year. There was further discussion regarding ground water mitigation, delivery calls, flow augmentation and other issues. Chairman Rigby suggested a meeting with the ground water users to further explore these issues.

Agenda Item No. 6, Other Items Board Members May Wish to Present

No other items were presented.

Mr. Beck moved to adjourn the meeting.
Mr. Chamberlain seconded.

Voice Vote: Motion passed by voice vote: 6 Ayes, 0 Nays.

Meeting adjourned.

Dated this 17th day of March 2006. D Richard Wyatt

D. Richard Wyatt, Secretary

Patsy McGourty

Patsy McGourty, Administrative Assistant II

Board Actions

Motion: Mr. Chamberlain moved that the Board approve a resolution authorizing sale of bonds in the maximum amount of $19,975,000 at a maximum interest rate of 6.4% Mr. Wyatt seconded.

Roll Call Vote: Wyatt, Aye; Armacost, Aye; Storer, Aye; Beck, Aye; Chamberlain, Aye; Uhling, Aye; Chairman Rigby, Aye. Seven Ayes. *Motion passed.*