# IDAHO WATER RESOURCE BOARD

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*At Large*

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*At Large*

*L. Claude Storer*
*Idaho Falls*
*District 4*

*Gary M. Chamberlain*
*Challis*
*At Large*

*Lawrence V. Armacost*
*New Meadows*
*At Large*

**MINUTES OF SPECIAL TELEPHONIC MEETING**

MEETING NO. 08-05B OF THE
IDAHO WATER RESOURCE BOARD
May 4, 2005, 8:40 a.m. MDT
Idaho Department of Water Resources
Conference Room 648A, 322 East Front Street, Boise, Idaho

Meeting No. 08-05B 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
Leonard Beck
Gary Chamberlain
Terry Uhling
Bob Graham
Claude Storer
Vic Armacost

*Board Members Absent*

Dick Wyatt

*Department of Water Resources Staff Present*

Hal Anderson, Administrator
Phil Rassier, Deputy AG
John Homan, Deputy AG
Crystal Calais, Admin Asst
Brian Patton
Mike Keckler

*Guests*

Randy Budge, Attorney
Tim Deeg
Jim Wrigley, Wells Fargo
Lynn Tominaga
Bert and Dean Stevenson
Clive Strong

**Agenda Item No. 2, Public Comment**

Chairman Rigby acknowledged telephone guests Randy Budge,

Tim Deeg, Jim Wrigley, Lynn Tominaga, Bert and Dean Stevenson. Mr. Anderson acknowledged Phil Rassier, Clive Strong, Brian Patton, Crystal Calais, John Homan, and Mike Keckler as present.

**Agenda Item No. 3, IGWA Water Lease and Acquisition.**

Mr. Anderson explained that after the Legislative session monies had been appropriated to the Revolving Development Fund to solve water problems in the State including acquisition of water. The Idaho Ground Water Users have also been attempting to obtain water for their use. This meeting is to gather parties together to discuss leasing of water and related financial issues. Chairman Rigby wanted to update all board members on current issues in this matter.

Clive Strong explained that the need for the meeting was to have a clear understanding between IGWA and the state of what would be required from the state's perspective in providing the financing that was contemplated by the Legislature in providing monies to the board. Mr. Strong proposed that Mr. Budge could speak on behalf of IGWA and their expectations and IDWR staff could address financing issues.

Mr. Budge, speaking on behalf of IGWA, explained their efforts to resolve water issues involved in a delivery call. He discussed the events that had occurred. IGWA's water users have committed water to provide mitigation in order to avoid curtailment. He discussed the financial details of their request for financial support from the Board.

Mr. Deeg expressed a need for urgency for the Board to act on IGWA financial requests. Chairman Rigby stated clearly that his position was that he thought the Board should own the water rights. His understanding of legislative intent was that the Board was to have the ability and the funds to aid in resolving water problems for all users and not certain groups.

Mr. Anderson brought up the related matter of issuing tax-exempt or taxcable revenue bonds. He asked Mr. Wrigley to address this issue. Mr. Wrigley explained that to be tax exempt requires public purpose. Mr. Budge explained that groundwater districts are created by statute. Mr. Wrigley discussed the taxing regulations related to bonds. There was discussion regarding public versus private entities. Further discussion on private or public ownership of water rights followed.

Chairman Rigby asked who would be involved in the IGWA transaction and Mr. Budge responded that members of groundwater districts now or those that would be covered in the future and that are subject to the curtailment order in the ESPA.

Mr. Uhling stated that the Board had fundamental questions that needed to be answered. The Board needs time to evaluate the proposal and make decisions.

Mr. Uhling explained that to finance the request, the Board would be issuing revenue bonds. Mr. Anderson explained that there was money for the lease this year appropriated in the 7.2 million dollars. The acquisition part of the proposal 24-25 million would require the issuance of revenue bonds and perhaps bridge financing.

Mr. Tominaga reiterated that there would be a short-term loan and then a longer-term bond issue. There was discussion regarding the financing of the IGWA proposal.

Mr. Budge stated that IGWA was looking for a short term loan for the leases only and that would be re-paid from normal assessments by the ground water districts that would be made at the end of this year or next year. The second part would be the water acquisition part of it. The purpose of this discussion was to find out if there was major difficulty with the Board on the water acquisitions.

Mr. Strong asked what the term of the lease would be. Mr. Budge said it would be a one-year lease for the 2005 season only. Mr. Strong asked about the payback date. Mr. Budge said less than a year.

Mr. Anderson said in the letter of intent IGWA had asked for the total rental amount of $1,419,900.00. He asked if there was additional water and Mr. Budge said there was. He explained the leases and dollar amounts. Mr. Anderson asked about the one million dollar payment on the option. Mr. Budge explained the Grindstone Butte lease and option.

Mr. Uhling asked if the Board could finance the lease, but not the option to purchase. He also asked if the appropriate approvals and procedures were in place to protect the state.

Mr. Budge responded that districts would pass resolutions to authorize levies and assessments by their boards. IGWA's timetable was by the 1st of August.

Mr. Uhling asked how the repayment of the 1.5 million lease worked out as a per acre assessment for the year. Mr. Tominaga and Mr. Deeg explained assessment repayments. There was further discussion of dollar amounts per acre on the IGWA proposal.

Chairman Rigby asked Mr. Budge how close they were to having the request application submitted to the Board for consideration. His response was this week. There was discussion regarding the different parts of the request for financial assistance and the time frame for response by the Board. Mr. Anderson explained that staff needs as much information as possible to process this request in a short amount of time.

Chairman Rigby asked if there was a way to address the lease now and the options later. Mr. Budge said that it could be separated into two parts.

Mr. Strong stated that the lease could be simple without the options. He suggested two applications; one for the lease and one for the repayment options that he outlined. Mr. Anderson addressed the issue of the offer for the acquisition by IGWA versus state ownership. Mr. Strong reiterated that the application before the Board is only the IGWA lease. Mr. Uhling stated that there are also other issues involving policy that the Board needs to discuss first. Policy issues are only involved in the long term financing. Chairman Rigby requested Mr. Budge to get the lease application in quickly.

Mr. Anderson asked if an agreement with IGWA and the board would move things along quicker. Mr. Budge answered yes.

There was further discussion of the terms and conditions of the application.

**Agenda Item No. 4, Water Rights Purchase Collaboration – *Executive Session***
**Agenda Item No. 5, Other items**

Chairman Rigby suggested that the meeting move into Executive Session if there were no other items. Since there were no further items, a motion was made to adjourn. It was seconded. Voice Vote, Unanimous approval, none opposed. **Motion passed.**

**Agenda Item No. 6, Adjourn**

Meeting adjourned.

Dated this 19th day of May, 2006.

D. Richard Wyatt, Secretary

Patsy McGourty, Administrative Assistant II

**Board Actions**

**1. No actions taken.**