IDAHO WATER RESOURCE BOARD

SCANNED
MAY 14 2008

L. "Butch" Otter
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Jerry R. Rigby
Chairman
Rexburg
At Large

Terry T. Uhling
Vice Chairman
Boise
District 2

Bob Graham
Secretary
Bonners Ferry
At Large

Charles "Chuck" Cuddy
Orofino
District 1

Leonard Beck
Burley
District 3

L. Claude Storer
Idaho Falls
District 4

Gary M. Chamberlain
Challis
At Large

Lawrence "Vic" Armacost
New Meadows
At Large

MINUTES OF TELECONFERENCE MEETING NO. 05-08

Idaho Department of Water Resources
Idaho Water Center, Boise Idaho
April 4, 2008, 9:00 a.m.

Chairman Rigby called meeting 05-08 to order at 9:00 a.m. and requested roll call.

Agenda Item No. 1, Roll Call

Board Members by Phone

Jerry Rigby, Chairman	Leonard Beck
Vic Armacost, absent	Gary Chamberlain, absent
Claude Storer	Chuck Cuddy
Bob Graham	Terry Uhling, absent

Staff Members and Guests Attending

Hal Anderson, Administrator	Brian Patton, Bureau Chief
Patsy McGourty, Admin. Asst.	Phil Rassier, Deputy AG
Dave Tuthill, Director	John Homan, Deputy AG
Bob McLaughlin, PIO	Clive Strong, Deputy AG
Robert Follett, Deputy AG	Governor John V. Evans
Rick Skinner, Attorney	John Evans, III, D. L. Evans Bank
Jim Renell, D.L. Evans Bank	Bruce Smith, Attorney

Guests by Phone

John Evans, Jr., D.L. Evans Bank	Fritz Wunderlich, Twin Falls
Scott Horseley, D.L. Evans Bank	Tom Courtney, Twin Falls

Agenda Item No. 2, Public Comment

There was no public comment.

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Agenda Item No. 3, Pristine Springs Acquisition

Mr. Anderson stated that the acquisition of Pristine Springs had been moving at a rapid pace. A short term bridge loan is needed to complete the transaction. The resolution signed at the March 21st meeting authorized the Board chairman to sign the final agreements; however, some of the security transactions are not complete. Before the Board today is a draft resolution providing for the Board chairman and secretary to sign a short term promissory note with the seller. Staff will then work with a commercial lender to secure a short term loan to give the city time to complete judicial confirmation and arrange long-term financing.

Mr. Strong stated that attorneys have been working with the loan committee at D. L. Evans Bank in discussions and Mr. Anderson is also working with Wells Fargo. Obstacles include an appraisal may be needed. If that is not needed, the documents and authorizations should be completed in a two week period of time. An appraisal would take longer. The seller is very anxious to get this sale completed. A Promissory Note for ten million dollars at five percent is in the Board resolution. Mr. Strong was optimistic that the financing would be completed in 30 days before penalties would ensue.

Chairman Rigby asked if the previous resolution and the one before the Board today would be all that was needed.

Mr. Beck noted that he had been contacted by a member of the Surface Water Coalition regarding the non-consumptive water rights and their opposition to this transaction. Director Tuthill responded by stating that this particular purchase would only affect the Blue Lakes Call. It does not affect the Surface Water Coalition Call that is upstream from this sale. The use of non-consumptive water rights was the focus of the question according to Mr. Beck.

Mr. Anderson noted that the Board is being requested to sign a Promissory Note as a bridge while we secure a short-term loan with a commercial lender. Mr. Evans from D.L. Evans Bank discussed efforts on behalf of the bank to create this transaction. Every effort is being made to get the documentation together to complete this loan decision including Board approval.

Chairman Rigby noted that Board members only need to approve the resolution today.

Mr. Anderson stated that Mr. Rick Skinner, Attorney, is present to discuss the transaction. He mentioned that the statute requires that obligations, bonds, etc., are to be made payable by revenues from Board projects. He saw no problem with this transaction and bond documents are being drafted.

Chairman Rigby asked if there were any other Board questions. Mr. Cuddy asked the term of the short-term loan. Mr. Strong stated that the City of Twin Falls will move forward quickly with judicial confirmation of their expenditure and the bonding process will take into the fall for the financing to come into place. The 12 or 18 months are a generous time period for this to be completed. Mr. Cuddy also asked if the use of non-consumptive water rights would cause problems down stream.

Director Tuthill stated that the water right to be acquired by Twin Falls would be an application for a municipal water right for consumptive use provided for by the Swan Falls Agreement. This Twin Falls right would be a new appropriation and the Pristine Springs right would be subordinated to this water right.

Mr. Beck asked the Director if the Idaho Power challenge to the Swan Falls Agreement would be affected by this transaction. Mr. Strong said no. The issues in the Idaho Power suit is mainly who owns the water right.

Mr. Anderson noted that there will be loan issuance costs and bond counsel fees associated with this transaction. Money in the Revolving Development Account will cover these fees upfront and then they will be repaid in the financing with the City of Twin Falls.

Mr. Beck asked what the groundwater users response was to this transaction. Mr. Strong noted that a letter of commitment had been received by the Idaho Groundwater Users.

Mr. Storer moved that the Pristine Springs Acquisition resolution be approved. Mr. Beck seconded. Chairman Rigby called for a roll call vote.

Roll Call Vote:

Cuddy: Aye; Armacost: Absent; Mr. Storer: Aye; Mr. Beck: Aye; Mr. Chamberlain: Absent; Mr. Graham: Aye; Mr. Uhling: Absent; Chairman Rigby: Aye. Five Ayes, Three Absent. Motion passed.

Mr. Strong introduced former Governor John V. Evans who had arrived a little late to the meeting.

The former Governor addressed the Board and stated that the loan committee hopes to move ahead quickly. He stated it was nice to see everyone.

Mr. John Evans, Jr., suggested that staff pay particular attention to fees and title insurance fees so there isn't a double charge.

Mr. Scott Horseley, from D. L. Evans Bank, stated that he had been in touch with the FDIC about particulars of the transaction. He asked staff to provide an evaluation of Bell Rapids water rights to use as a comparison for this transaction. Mr. Strong agreed to provide a summary for Mr. Horseley this morning. He asked when the FDIC would come back with a decision on the need for an appraisal. Mr. Horseley thought it would be today. Mr. Strong acknowledged that the seller's appraisal was done in 1995 and was not very useful.

Mr. Anderson asked the Chairman if he could be in Twin Falls today to sign documents at the closing. Chairman Rigby said he could if necessary.

Mr. Graham moved to adjourn. Mr. Beck seconded. All were in favor. The meeting was adjourned.

Dated this 4th day of April, 2008.

Secretary

Patsy McGourty, Administrative Assistant II

Board Actions:

1. Mr. Storer moved that the Pristine Springs Acquisition resolution be approved. Mr. Beck seconded. Chairman Rigby called for a roll call vote.

Roll Call Vote:

Cuddy: Aye; Armacost: Absent; Mr. Storer: Aye; Mr. Beck: Aye; Mr. Chamberlain: Absent; Mr. Graham: Aye; Mr. Uhling: Absent; Chairman Rigby: Aye. Five Ayes, Three Absent. Motion passed.