



IDAHO WATER RESOURCE BOARD

MEETING MINUTES 1-12

C.L. "Butch" Otter
Governor

Idaho Water Center
322 E. Front Street
Boise, Idaho 83702

January 11, 2012

Terry T. Uhling
Chairman
Boise
District 2

Chairman Terry Uhling called the meeting to order at 1:00 pm. Board member Chuck Cuddy was absent. There were 7 members present.

Agenda Item No. 1, Roll Call

Board Members Present

Roger W. Chase
Vice-Chairman
Pocatello
District 4

Terry Uhling, Chairman
Vince Alberdi
Peter Van Der Meulen
Leonard Beck

Roger Chase, Vice-Chairman
Jeff Raybould
Bob Graham
Chuck Cuddy, *Absent*

Bob Graham
Secretary
Bonners Ferry
District 1

Staff Members Present

Charles "Chuck" Cuddy
Orofino
At Large

Brian Patton, Planning Bureau Chief
Rich Rigby, Federal Liaison

Helen Harrington, Planning Section Manager
Diana Ball, Administrative Assistant

Guests Present

Leonard Beck
Burley
District 3

Peter Anderson, Trout Unlimited
Candice McHugh, IGWA Counsel
Lynn Tominaga, IGWA

Shelley Davis, Barker, Rosholt & Simpson
Jim Wrigley, Wedbush Securities

Vince Alberdi
Kimberly
At Large

Agenda Item No. 2, Public Comment

Chairman Uhling asked for public comment regarding any items not included on the agenda. There were no comments.

Jeff Raybould
St. Anthony
At Large

Agenda Item No. 3, IWRB Financial Program

a. Ground Water Districts Revenue Bonds – Issuance Resolution

Peter Van Der Meulen
Hailey
At Large

Mr. Wrigley, Wedbush Securities, updated the Board on the progress of the bond issuance. The bonds are scheduled for sale on January 18, 2012, with closing of the bonds on February 8. The Preliminary Official Statement has been prepared and posted and will be provided to Board members by email. The current bond rating is BAA1. The bonds are structured with four ground water districts, and the loan will be made out of the bond proceeds. The bonds are structured with the first 10 years as the taxable portion, which is the physical assets totaling \$15,590,000. The tax-exempt bonds will be the last 10 years, and will be liquid assets, the water, etc. This will be the first time tax-exempt irrigation bonds have been issued in the state. The assets themselves, land, raceway, and water rights, are held free by the ground water districts. The bond assessment is on assets totaling approximately \$5 billion, which is

the value of real estate; the land is the security for these bonds. The bonds will likely sale at 4.25 to 5.00%. The taxable amounts are at 2013-2024 from 3.00 to 5.80%, and the average coupon would be approximately 4.99%. The tax-exempt bonds are structured at 2024-2032.

The parameters resolution establishes the name of the bonds and includes a final amount up to \$35 million not to exceed 8.5% interest. The resolution was prepared by Rick Skinner, IWRB bond counsel, and John Homan, Deputy Attorney General, and also reviewed by Randy Budge, counsel for the ground water districts.

Mr. Alberdi made a motion to accept the parameters resolution for the ground water districts bonds. Mr. Raybould seconded.

Roll Call Vote: Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Mr. Uhling: Aye; Mr. Cuddy: Absent. Motion carried.

Ms. Candice McHugh, legal counsel for IGWA and the four ground water districts involved in the purchase agreement, provided a brief background update for the Board. The North Snake, Magic Valley, Aberdeen-Springfield, and Bingham ground water districts have been proceeding with Mr. Wrigley and Mr. Skinner, IWRB bond counsel, to reach a point of securing the bonds. At the same time, spring users approached the ground water districts in an effort to resolve litigation. Ms. McHugh expects they will have a settlement agreement with Clear Springs Foods on their delivery call in the near future. In the past 6 months, new delivery calls from SeaPac were made and an agreement is also expected to be signed within the next few days on this call. Mitigation plans will then be filed with the IDWR and counsel will request orders to resolve these two issues. The closing of the actual facilities with the ground water districts is scheduled for February 29.

b. Pristine Springs Loan Restructuring

Mr. Brian Patton informed the Board that there is a resolution before them to modify the existing Pristine Springs loan contract and provided a brief background update.

North Snake and Magic Valley ground water districts are involved in both contracts and to make it affordable to members of those districts, they are requesting that the existing terms of the Pristine Springs loan be modified. On November 2, 2011, the IWRB Finance Committee examined this issue in detail and recommended that the Pristine Springs loan be modified as follows: 1) the outstanding principal with any outstanding interest be reamortized over the next 15 years, and 2) the interest rate on the Pristine Springs loan be changed to match the combined interest rate on the ground water districts bonds. The provisions of the resolution have been reviewed by bond counsel, Rick Skinner, to ensure parity between the Pristine Springs loan and the ground water districts bond issuance. Average interest rate was clarified to be the weighted average of taxable and tax-exempt bonds issued. The interest rate on the existing Pristine Springs loan is currently 4.00%; interest on the bonds is expected to average 4.00 to 5.00%

Ms. McHugh asked for time to contact her clients and clarify whether they understood the change to the Pristine Springs loan to be the same as proposed in the resolution.

There was a short break in the meeting.

Mr. Uhling asked Ms. McHugh if her clients find the resolution for the Pristine Springs loan restructuring acceptable. Ms. McHugh confirmed that they do and reiterated that their understanding is that the loan will be reamortized over the next 15 years and that it will match the average of the interest rate on the taxable and non-taxable ground water districts bonds.

Mr. Raybould made a motion to accept the resolution to modify the terms of the Pristine Springs loan. Mr. Beck seconded the motion.

Roll Call Vote: Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Mr. Uhling: Aye; Mr. Cuddy: Absent. Motion carried.

Agenda Item No. 4, Executive Session

The Board convened into Executive Session at approximately 1:55 pm pursuant to Idaho Code Section 67-2345(1) (c) and (f) to communicate with legal counsel regarding pending litigation and acquisition of property not owned by the state. Executive Session is closed to the public. No action was taken

Agenda Item No. 5, Other Items IWRB Members May Wish to Present

There were no additional comments.

Agenda Item No. 6, Next Meeting and Adjourn

The IWRB Meeting 1-12 was adjourned at approximately 5:15 pm.

Respectfully submitted this ____ day of _____, 2012.

Bob Graham, Secretary

Diana Ball, Administrative Assistant

Board Actions:

1. Mr. Alberdi made a motion to accept the parameters resolution for the ground water districts bonds.
Mr. Raybould seconded the motion.

Roll Call Vote: Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Mr. Uhling: Aye; Mr. Cuddy: Absent. Motion carried.

2. Mr. Raybould made a motion to accept the resolution to modify the terms of the Pristine Springs Loan.
Mr. Beck seconded the motion.

Roll Call Vote: Mr. Alberdi: Aye; Mr. Chase: Aye; Mr. Beck: Aye; Mr. Raybould: Aye; Mr. Van Der Meulen: Aye; Mr. Graham: Aye; Mr. Uhling: Aye; Mr. Cuddy: Absent. Motion carried.