

**BOARD OF THE LOCAL IMPROVEMENT DISTRICT NO. 1101**  
**MINUTES OF THE OPEN BUSINESS MEETING**  
**MONDAY, OCTOBER 15, 2012**  
**9:00 A.M.**

The Board of the Local Improvement District (Board) met this date in an Open Meeting in the Commissioners' Conference Room of the Ada County Courthouse Complex to act on the following items. Staff members present: Chris Rich and Kathleen Graves, Clerk's Office; Vicky McIntyre, Treasurer's Office; Dave Logan and Bruce Krisko, Operations; and Ted Argyle, Prosecuting Attorney's Office. Minutes Recorder: Judy Morris.

---

**I. IN THE MATTER OF CALL TO ORDER:**

Commissioner Rick Yzaguirre called the meeting of the Board of the Local Improvement District No. 1101 for the Sage Acres Water Project to order at 9:00 a.m.

**II. IN THE MATTER OF ROLL CALL:**

Commissioners Rick Yzaguirre, Sharon M. Ullman and David L. Case were present.

**III. CHANGES TO THE AGENDA:**

Items IV (5), (6) and (7) were heard after Item IV (8).

**IV. NEW BUSINESS/PROGRESS REPORT:**

1. Introductions to BOCC

a. Seattle Northwest – Financial Advisor

1. Eric Heringer
2. Michael Keith

b. Moore Smith Buxton & Turcke, Chtd. – Bond Counsel

1. Susan Buxton
2. Cherese McLain

V. McIntyre stated that the purpose of the meeting was to provide a progress report on Sage Acres to determine interim financing and a basis for take-out financing. She then introduced Eric Heringer and Susan Buxton to the Board.

2. Review of Eagle Water Contract Progress - Dave Logan, Operations Director

D. Logan advised the Board that Robert DeShazo of Eagle Water Company and Cathy Cooper of SPF Water Engineering were present to provide a progress report. He provided the Board photographs of the construction site. He explained there were some safety concerns related to bikepark paths that crossed the construction area. He said that they have fenced the construction area in and have provided a new route that goes around the site.

R. DeShazo stated that construction started on October 3. He said they currently have approximately 1000 feet of pipe in the ground and stated that it's been slow progress due to the uphill terrain. He said his team is trying to complete as much of the piping as possible before the weather changes and prevents them from continuing.

D. Logan explained that all work on the project is being done in the road easement and ACHD is on site doing inspections.

C. Cooper advised the Board that all the permits and DEQ approvals were obtained and in place before the project was started. She stated that her office conducts weekly site inspections of the project.

3. Review of Financing Options and Present Market Data for Rates - Seattle Northwest

E. Heringer explained the two steps to the financing which include the interim financing and then the final assessment roll when the project is complete. He said the property owners would have the option to pre-pay their assessments upfront or chose to finance over a period of time. He discussed interim financing and stated it was determined that it made sense for the County to purchase the interim financing so that the County would be providing the funds and earning interest until the project

is completed. He discussed interest rates and advised that he believed an interest rate in the 2% to 3% range would be suitable for a short term note for the interim financing.

V. McIntyre distributed copies of E. Heringer financing notes to the homeowners. E. Heringer explained that the notes were prepared for discussion purposes only and were not meant to represent final numbers.

V. McIntyre stated that the goal was to make the financing as economical as possible to the property owner. She discussed the interim financing and said the two components that needed to be addressed were how to handle payment of the bills upfront and what the ending cost was going to look like.

E. Heringer discussed take-out financing. He explained that whatever was left on the balance of the interim warrants, after any pre-payments by property owners, would be repaid by the sale of a long term local improvement district bond. He discussed optional financing terms, interest rates, etc. associated with long term bonds. He discussed the advantages of financing an LID bond through the Idaho Bond Bank. He stated that, in his opinion, the bond bank was the direction to go.

He then discussed the costs involved with the financing once the final assessment has been prepared. The property owners that do not pre-pay their assessment would share in the costs associated with the financing. He said one of the costs include a reserve which is a requirement to provide liquidity to make sure the bond payments are met even if an assessment payment isn't coming in. He stated the reserve is typically ten percent of the balance and is generally rolled into the overall financing of the project.

S. Ullman asked what happened to the reserve once the bond has been satisfied. E. Heringer explained that it will be addressed in the final documents, but generally the final payment of the bond is made with the balance of the reserve.

4. Review Proposed Financing Plan (interim and take-out) – Moore Smith Buxton & Turcke, Chtd.

S. Buxton explained the reserve would be addressed in more detail in the final financing documents. She also explained that they could include flexibility in the final documents to allow the property owner the option to pay the full amount of their assessment at the time they sell or transfer their property or to have it transferred to the new owner.

5. Contract with Seattle Northwest for Financial Advisor Services for FY 2013
  - Agreement No. 9548-1-12 - Amendment to Consulting Agreement Between Ada County and Seattle-Northwest Securities Corporation for Financial Advisory Services FY12-13

E. Heringer explained that Agreement No. 9548-1-12 was an amendment to Agreement No. 9548 to continue consulting through fiscal year 2013, to broaden the scope of work to include take-out financing and adjust the fees for the bond transaction.

R. Yzaguirre stated that Item Nos. 5 and 6 should be addressed after the public hearing.

**ACTION: S. ULLMAN MOVED TO MODIFY THE AGENDA TO MOVE ITEM NO. 5 AND 6 TO THE END OF THE AGENDA TO FOLLOW THE PUBLIC HEARING. D. CASE SECONDED. S. ULLMAN, AYE, D. CASE, AYE, AND R. YZAGUIRRE, AYE. THE MOTION CARRIED UNANIMOUSLY.**

*[Item IV(8), Public Hearing, was heard next. Action was taken on this item after the public hearing.]*

**ACTION: S. ULLMAN MOVED TO APPROVE THE AGREEMENT NO. 9548-1-12. D. CASE SECONDED. S. ULLMAN, AYE, D.**

**CASE, AYE, AND R. YZAGUIRRE, AYE. THE MOTION CARRIED UNANIMOUSLY.**

*[Items IV (6) and (7) were heard next.]*

6. Approval for Payment of Bills

V. McIntyre advised the Board that she had one invoice for Seattle Northwest for \$3,500.

**ACTION: S. ULLMAN MOVED TO AUTHORIZE PAYMENT OF THE INVOICE TO SEATTLE NORTHWEST. D. CASE SECONDED. S. ULLMAN, AYE, D. CASE, AYE, AND R. YZAGUIRRE, AYE. THE MOTION CARRIED UNANIMOUSLY.**

7. Other Business as Needed

V. McIntyre provided the Board documentation to authorize her to open a checking account on behalf of the LID pursuant to Resolution No. 1858.

**Public Hearing**

8. Resolutions

- a. Resolution No. 1857 - Approving the Issuance and Sale of Interim Warrants
- b. Resolution No. 1858 - Authorizing Ada County Treasurer to Establish Accounts and Make Approved Payments

R. Yzaguirre read Resolution No. 1857 and 1858 into the record and opened the public hearing on both.

S. Buxton explained that Resolution No. 1857 provides the means for the County to pay the interim bills for construction and other costs incurred prior to the sale of bonds and prepayment of assessments. She explained that the warrants paid during the interim period would be paid off with the new bond.

S. Ullman and V. McIntyre discussed the interest rate recommended by E. Heringer and the language that would need to be included in the motion to revise the current rate of 3% to 2%. T. Argyle explained how to revise the interest rate reflected in Resolution No. 1857.

S. Ullman advised that she would like to make a decision that authorized S. Buxton to include language in the final documents to allow a property owner the option to transfer the financing of the assessment to a future owner or pay off the assessment at the time of the sale of the property. S. Buxton explained that the financing options would be included in the final bond documents.

V. McIntyre discussed the exhibits to Resolution No. 1858.

Monique Hale stated her name and address for the record. She said she was in favor of having the flexibility to transfer the financing to a new owner rather than being required to pay it off upon the sale of the property. She inquired if the 30 day pay off period could be extended to 60 days to afford the property owner an opportunity to decide how the assessment would be handled upon the transfer of the property. She inquired if language could be added to the final contract that confirmed a homeowner would not be required to hook-up to Eagle Water. She asked if the Board was in a position to make a motion to insure that the flexibility of transferring the financing to a new owner would be included in the final financial documents. She also expressed a concern regarding parked trucks blocking the view of moving traffic. She inquired how the project is proceeding without formal financing in place.

E. Heringer assured M. Hale that the preliminary review confirms that this project meets their lending criteria. He said he will have formal information within the next few months. He said, as a back-up, they could also use private

placement to avoid excessive fees, but he did believe the bond bank would handle the financing.

S. Buxton explained that the 30 day deadline for paying or transferring the assessment upon the sale of the property was statutory.

T. Argyle stated that because there was no statement requiring hook-up, it was silent and not mandatory. He said the Board could draft a resolution addressing their preference to not require hook-up but have the water flow available for fire-fighting purposes. The Board discussed scheduling a meeting to adopt a resolution for this purpose.

S. Ullman requested R. DeShazo work with the construction crew to address any traffic concerns. She also stated that although a motion regarding the flexibility to pay-off the assessment or transfer it would not be binding, it would establish what the Board's intention is.

R. Yzaguirre closed the public hearing and stated that the Board would take action on each resolution separately.

**ACTION: D. CASE MOVED TO APPROVE RESOLUTION NO. 1857. R. YZAGUIRRE SECONDED.**

**DISCUSSION: T. ARGYLE ADVISED THE BOARD THAT IF THEY DESIRED TO APPROVE RESOLUTION NO. 1857, THEY WOULD NEED TO CHANGE THE INTEREST RATE AND DETERMINE THE METHOD OF CORRECTION.**

**ACTION: D. CASE MOVED TO AMEND HIS MOTION TO INCLUDE THE INTEREST RATE TO REFLECT TWO PERCENT AND TO INSTRUCT LEGAL STAFF TO PREPARE AN NEW FACE PAGE. R. YZAGUIRRE SECONDED.**

**DISCUSSION: S. BUXTON EXPLAINED THAT EXHIBIT A TO THE RESOLUTION ALSO NEEDED TO REFLECT THE TWO PERCENT INTEREST RATE.**

**ACTION: R. YZAGUIRRE AND D. CASE NOTED AND AFFIRMED THE CHANGE TO EXHIBIT A.**

**DISCUSSION: S. ULLMAN EXPLAINED THAT SHE WOULD BE VOTING AGAINST THE MOTION. SHE SAID SHE BELIEVED THE FINANCING OF THE PROJECT WAS BEING HANDLED BY THE APPROPRIATE PEOPLE AND SHE BELIEVED THEY WOULD HANDLE THE PROJECT EFFICIENTLY. SHE REITERATED HER CONCERNS REGARDING THE INITIAL APPROVAL OF THE LID AND THE POSSIBLE ADVERSE FINANCIAL EFFECT OF THE PROJECT ON CERTAIN PROPERTY OWNERS.**

**ACTION: D. CASE, AYE, AND R. YZAGUIRRE, AYE. S. ULLMAN, NAY. THE MOTION CARRIED.**

R. Yzaguirre stated that they would now take up Resolution No. 1858.

**ACTION: D. CASE MOVED TO APPROVE RESOLUTION NO. 1858. R. YZAGUIRRE SECONDED. D. CASE, AYE, AND R. YZAGUIRRE, AYE. S. ULLMAN, NAY. THE MOTION CARRIED.**

**ACTION: S. ULLMAN MOVED THAT WITH REGARD TO THE SAGE ACRES LID, IT IS THE BOARD'S INTENTION AT THIS POINT IN TIME TO HAVE THE FINAL DOCUMENTS DRAWN IN SUCH A WAY TO ALLOW**

**THE DEBT TO BE ASSUMED BY ANYBODY PURCHASING PROPERTY IN SAGE ACRES, IN THE FUTURE, RATHER THAN REQUIRING A PAY OFF OF THE DEBT AT THE TIME OF THE TRANSFER OF THE PROPERTY. D. CASE, SECONDED.**

**DISCUSSION: T. ARGYLE INQUIRED IF THE BOARD INTENDED TO MAKE THAT AN OPTION OF THE HOMEOWNER AND THEIR BUYER. S. ULLMAN CONFIRMED THAT WAS THEIR INTENTION. D. CASE AFFIRMED.**

**ACTION: S. ULLMAN, AYE, D. CASE, AYE, AND R. YZAGUIRRE, AYE. THE MOTION CARRIED UNANIMOUSLY.**

R. Yzaguirre stated the Board would now take up Item 5.

*[Action on Items IV(5), (6) and (7) were taken next.]*

**VI: IN THE MATTER OF RECESS:**

There being no further business to come before the Board at this time, the meeting was recessed at 9:52 a.m.

\_\_\_\_\_  
Rick Yzaguirre, Chairman

ATTEST:

\_\_\_\_\_  
Christopher D. Rich, Ada County Clerk