

RECLAMATION DISTRICT NO. 108

Minutes of the Special Board Meeting of the Board of Trustees

June 26, 2018

Vice-President Cornwell called the Special Board Meeting to order at 7:30 a.m. on Tuesday, June 26, 2018 at Reclamation District No. 108 headquarters, Wilkins Slough, Colusa County, California.

Trustees Present: Roger Cornwell, Todd Miller and Hilary Reinhard

Trustees Absent: Fritz Durst and Sean Doherty

Others Present:

Lewis Bair, General Manager

Kevin O'Brien, Legal Counsel, By Phone

William Vanderwaal, Deputy Manager

Cathy Busch, Secretary

Agenda – It was moved by Trustee Miller to approve the agenda with the addition of an update on Sites Reservoir Project. Trustee Reinhard seconded. Approved 3 – 0.

Manager Bair reported that President Durst had a conflict of interest regarding the proposed loan program for Sacramento River West Side Levee District (SRWSLD), therefore he will not be in attendance.

BUSINES ITEMS

1. Adopt Resolution No. 18-04 Adopting the Investment Policy - It was moved by Trustee Reinhard to Adopt RESOLUTION No. 18-04 in the matter of Adopting the District's Investment Policy. Trustee Miller seconded. Approved 3 – 0. RESOLUTION NO. 18-04 is attached hereto and made a part hereof.

2. Consider Approval of Conflict Waiver for Downey Brand to Represent RD108 and SRWSLD – It was moved by Trustee Reinhard to authorize Manager Bair to sign a Conflict Waiver for Downey Brand to represent the RD108 and SRWSLD. Trustee Miller seconded. Approved 3 – 0.

3. Consider Amendment/Approval to Loan to SRWSLD for Cashflow of their Sacramento River West Bank Seepage Mitigation Project – Manager Bair reported that SRWSLD is seeking financing for their Sacramento River West Bank Mitigation Project (Project) for cash-flow. The Project schedule has the Project closing out in 2021 when the State would release retention, leaving about a \$500,000 balance that would be paid off by 2024 through four set annual payments. SRWSLD is asking RD108 if they would be interested

in providing the needed loan for the Project. SRWSLD has received several bids to provide the funding with the lowest interest offered at 3.94 percent. Manager Bair pointed out that RD108 is currently making about 1.5 percent interest on reserves and that this would be an opportunity for a higher return. Manager Bair has spoken to Attorney O'Brien to see if the District had the authority to enter into a loan agreement with SRWSLD. The Investment Policy allows the District to invest excess reserves in California Government agencies and determined that the District could legally provide the loan. The Board reviewed the proposed terms of a loan: total loan amount \$1.3 million; a line of credit for 2018 – 2021 with a fixed payment from 2021 -2024; a flat interest rate of 3.5 percent. After discussion, it was moved by Trustee Miller to offer SRWSLD a loan of \$1.3 million at 3.5 percent fixed interest rate with a \$10,000 loan preparation cost. Trustee Reinhard seconded. Approved 3 – 0.

At 7:53 a.m. President Durst was connected to the meeting by telephone for the discussion on Sites Reservoir Project.

Sites Reservoir Project – Deputy Manager Vanderwaal reported on the Sites Reservoir Project. He said that he sent the Board an email regarding Reservoir Committee Updated Financial Plan, including updated cost estimate for Phase 2, which were more accurate than the numbers he used in his report at the June 21 Board meeting. He said that the District will need to determine by November if they will invest in Sites, if so what degree of investment, and what investment mechanism. After discussion, a Special Landowner meeting was scheduled for Tuesday, July 31 at 10:00 a.m. The Board directed Deputy Manager Vanderwaal to work with Attorney O'Brien to outline options to invest in Sites for the July 31 Special Landowner Meeting. It was also suggested that a table showing different levels of investment and their costs to help the Board and Landowners make a decision. It was the consensus of the Board that the costs be at today's value.

Deputy Manager Vanderwaal reported that there will be a Sites Reservoir Project workshop on July 9 and 10. He encouraged the Board to attend. The workshop will walk through the cost estimate and the proposed documents that the districts will be asked to sign in November. Trustee Miller said that he would attend July 9th meeting in Maxwell and Trustee Reinhard would attend July 10 in Sacramento.

ADJOURNMENT

There being no comments from the public and no further business to come before the board, the meeting was adjourned at approximately 8:30 a.m.

Respectfully Submitted

Lewis Bair
Manager