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**BOARD OF DIRECTORS**

**Jeff Marchini** – Division 1  
**Mario Bandoni** – Division 2  
**Dave Long** – Division 3  
**Suzy Hultgren** – Division 4  
**Robert Weimer** – Division 5

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**John Sweigard** – President  
**Phillip McMurray** – General Counsel

**TWIN LAKES MANAGEMENT COMPANY  
BOARD MEETING**

**Tuesday, December 7, 2021  
11:00AM**

**or immediately following the meeting of the Merced Irrigation District  
Board of Directors**

**Franklin Yard Facility  
3321 N. Franklin Road  
Merced, CA 95348**

**Suzy Hultgren (By Telephone Conference)  
2001 County Line Road  
New Plymouth, Idaho 83655**

**AGENDA**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**CONSIDER CORRECTIONS OR ADDITIONS TO THE AGENDA**

The Board will consider corrections or additions to the agenda of items requiring immediate action that have come to the attention of the Board after posting of the agenda.

**OPPORTUNITY FOR PUBLIC COMMENT (5 minutes per speaker)**

This time is provided for the public to address the Board on matters of concern. Matters presented under this heading may be discussed but no action will be taken by the Board at this time.

**CONSENT CALENDAR**

All matters listed under Consent Calendar are considered by the Board of Directors and will be adopted by one action of the board unless any Board Member has any question or wishes to make a statement or

discuss an item. In that event, the Chair of the Board will remove that item from the Consent Calendar and place it for separate consideration.

1. Unapproved Minutes – June 17, 2021

## **ACTION/DISCUSSION**

1. **Officer Elections**
2. **Resolution No. 2021-01**

The Board will review and consider authorizing execution of Addendum Agreements, extending the term of the existing 1) Term Loan; and 2) Revolving Line of Credit Agreement and Warrant with Twin Lakes Management Company.

## **REPORT ITEMS**

1. FY 2022 TLMC Financial Update

## **CLOSED SESSION**

NOTE: No action may be taken on any items not appearing on this agenda unless:

- : There is a finding of an emergency situation by majority.
- : A two-thirds vote of the legislative body or a unanimous vote if less than two-thirds of the members are present.
- : An item was properly posted, but carried over for five days.

Any materials that are public records that relate to an agenda item, and are distributed to the Board of Directors less than 72 hours prior to the meeting shall be available for public inspection at the offices of the Twin Lakes Management Company, 744 W. 20<sup>th</sup> Street, Merced, CA during normal business hours. Additionally, any materials presented during open session are available for public inspection at the same

**Agenda posted: Thursday, December 2, 2021**

# ***MEETING OF THE TWIN LAKES MANAGEMENT COMPANY***

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**DATE:** 12/07/2021

**AGENDA ITEM:**

Unapproved Minutes – June 17, 2021

**TWIN LAKES MANAGEMENT COMPANY**  
**BOARD MEETING**  
**UNAPPROVED MINUTES**  
**REGULAR MEETING**

**June 17, 2021**

The Board of Directors (“Board”) of the Twin Lakes Management Company (“TLMC”) met on the above date, pursuant to notice at 9:30 A.M. via teleconference call consistent with temporary authorization to deviate from Brown Act meeting guidelines issued through Executive Order by the California Governor Gavin Newsom.

**ROLL CALL**

Roll call showed the following Directors present:

Directors:

Jeff Marchini  
Mario Bandoni  
Dave Long  
Suzy Hultgren  
Robert Weimer

The following employees were also present:

President	John Sweigard
General Counsel	Phillip McMurray
Treasurer/Chief Financial Officer	Don Knapp
Chief Operating Officer	Victor Moreno

The following MID employees were also present:

Public & Government Relations Manager	Mike Jensen
Director of Administrative Services	Dominique Zuniga
Legal Assistant	Jennifer McMaster

**CHANGES/ADDITIONS TO THE AGENDA**

None

**PUBLIC COMMENT**

General Counsel McMurray stated that the meeting had been agendized in compliance with the Governor's ‘stay at home’ Executive Order prohibiting the meeting or gathering of people, and other guidance from health and safety experts intended to keep the community safe and to minimize the spread of the coronavirus. Mr. McMurray stated the agenda included information and notices in a good

faith effort to provide members of the public an opportunity to observe and participate in the Board's meeting per the Brown Act and the Governor's orders. Mr. McMurray also stated that so long as the Governor's orders remain in place, future Board meetings would likely be agendized, noticed and administered in the same or similar fashion.

Mr. McMurray identified one matter of Public Comment received from Tim Meroney. Mr. McMurray read the public comment received in verbatim after the report items were presented.

### **BUSINESS FROM THE FLOOR**

None

### **CONSENT CALENDAR**

Unapproved Minutes – January 12, 2021

Director Weimer made a motion to approve the consent calendar as presented, seconded by Vice Chair Bandoni; the Board unanimously approved the motion. The Consent Calendar was approved by a roll call vote, the votes were as follows:

Ayes:	Bandoni, Hultgren, Long, Marchini, Weimer
Noes:	None
Abstain:	None
Absent:	None

### **ACTION/REPORT ITEMS**

Mr. Moreno provided the Board with a FY 2021 Financial & General Operations update. Mr. Moreno noted at this time there are 231 active permits, with 245 buoys. The extra buoys are necessary for staging and moving houseboats during operations. Additionally, TLMC's mooring fees were provided in comparison to other recreational facilities. Mr. Moreno presented a list of items staff intends to replace and or purchase along with a brief description and total cost of each.

A breakdown of the revenue by department were presented. On the revenue side there was a revenue of \$860,728 rather than the projected \$785,000. This is a result of larger attendance at parks during COVID-19. Mooring slip rentals increased along with pump outs. Mr. Moreno discussed during the 89.21% of projected net income is a result of TLMC adapting to changes during the beginning of COVID-19 requiring them to send staff home as a safety mechanism, affecting net income. Mr. Moreno discussed TLMC's order of debt repayment along with its plans to begin repayment on the equipment loan in the near future.

Mr. Moreno presented the TLMC Drought Mooring Plan, beginning with a brief history of what took place during 2014/2015. During the last drought approximately 130 houseboats were left on the water with 100 pulled on to land. With the water levels expected to drop to 637 by October 31<sup>st</sup>, staffs current plan is to leave all houseboats on the water. The total cost to execute the plan in 2014/2015 was just over \$491,000 and \$2,063 per houseboat. A forecast of the water levels were provided. With that

being said based on expected water elevation, a timeline for ramps to close, and exposures expected to take place were noted. Mr. Moreno responded to a series of questions regarding reservoir elevations.

In the past there were a number of letters sent out to houseboat owners regarding noncompliant hitches that need to be repaired. If the owners do not make those adjustments, they will be asked to pull their houseboats out of the water and make necessary repairs to refrain from incurring damage to their houseboats. Mr. Moreno informed the Board, the reason for staff's recommendation for hitches to be compliant is due to shuffling of houseboats as water elevations decrease.

Mr. Moreno noted approximately 19 houseboats have currently requested for their houseboat to be pulled out of the water during this time as an opportunity to perform maintenance. With several houseboats expected to be taken out of the water for various reasons, of the 231 houseboat permits, only 206 will remain on the water. To successfully complete the 2021 Drought Mooring Plan, Mr. Moreno provided an overview and visual graph of how staff plans to prepare the reservoir for the upcoming months with repaired cable lines and concrete anchors.

Director Marchini inquired about the ability for houseboat mooring to the large concrete anchors on Lake McClure. Mr. Moreno informed the Board, staff has a policy restricting houseboat mooring on anchors, as it is not sufficient and will result in ruining the anchors.

Vice Chair Bandoni inquired about the estimated last date to pull houseboats out of the water. Mr. Moreno noted, around or on October 15<sup>th</sup>, 2021 will be a last date to safely pull boats out and avoiding damage to any houseboats. The Board and staff engaged in discussion including estimated costs about drought mooring plan and equipment used to complete the plan.

After further discussion, Director Weimer made a motion to move forward with the financial update, general operations update & drought operations mooring plan as presented, seconded by Director Marchini; the Board unanimously approved the motion. A roll call vote was taken and the votes were as follows:

Ayes:	Bandoni, Hultgren, Long, Marchini, Weimer
Noes:	None
Abstain:	None
Absent:	None

Chair Long inquired about the additional cost houseboat owners will incur with the approval of the drought mooring plan. Mr. Moreno noted the drought mooring fee will be \$719 per houseboat and is charged in addition to the normal mooring fee as assessed. Mr. Moreno noted staff will send out a letter to houseboat owners with detailed payment instructions, including various payment options. Chair Long requested the Board approve a separate motion to authorize the \$719 fee as presented.

After further discussion, Director Hultgren made a motion to authorize a \$719 drought mooring fee as presented, seconded by Director Weimer; the Board unanimously approved the motion. A roll call vote was taken and the votes were as follows:

Ayes:	Bandoni, Hultgren, Long, Marchini, Weimer
Noes:	None
Abstain:	None

Absent: None

**CLOSED SESSION**

None

**ADJOURNMENT**

At 10:12 AM, Chair Long adjourned the meeting.

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Mario Bandoni, Vice Chair/Secretary

APPROVED:

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Dave Long, Chair

# ***MEETING OF THE TWIN LAKES MANAGEMENT COMPANY***

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**DATE:** 12/07/2021

**AGENDA ITEM:**

Officer Elections

**BACKGROUND:**

Each year the Board elects its officers, including Chairman of the Board and Vice Chairman of the Board

# ***MEETING OF THE TWIN LAKES MANAGEMENT COMPANY***

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**DATE:** 12/07/2021

**AGENDA ITEM:**

The Board will review and consider authorizing execution of Addendum Agreements extending the term of the existing 1) Term Loan; and 2) Revolving Line of Credit Agreement and Warrant with Merced Irrigation District.

**RECOMMENDED ACTION:**

Staff recommends the Board adopt Resolution No. 2021-01 authorizing execution of credit documents extending the terms of the Agreements with the Merced Irrigation District (MID), as presented.

**BACKGROUND:**

As a result of the failures of prior concessionaires, the District established the Twin Lakes Management Company (TLMC), a limited liability company wholly owned by the District, for the purpose of continuing to provide and improve services to customers at Lakes McSwain and McClure. The District provided initial startup funding for TLMC at the time it was created, and in December 2011 further established a 1) a term loan, and 2) revolving line of credit and warrant (collectively, the "Agreements"). These credit documents were necessary, and remain necessary to provide appropriate levels of operating funds during slower periods of the lake operations, facilitate needed deferred maintenance projects necessary to provide optimum customer service, and ensure safe and secure facilities for all marina customers and visitors and the Lake McClure mooring and marina slip holders, as well as other routine transactions. See MID Resolution No. 2011-35 and TLMC Resolution No. 2011-04. The revolving line of credit and warrant currently has a credit limit of \$750,000. The term loan has a credit limit of \$550,000.

In December 2012, the Board authorized extending the term of the revolving line of credit and warrant for a term running through December 2016, consistent with the original duration of the term loan. In August 2016, the Board authorized a 5 year term extension for both agreements, which is currently scheduled to expire December 31, 2021.

In order to continue to provide operational flexibility and the ability for TLMC to continue to provide service to customers at Lakes McSwain and McClure, staff believes the term of the Agreements should be extended for an additional 5 years. Other than extending the term, these Addendum Agreements would not affect or make any other changes to the Agreements, such as applicable repayment provisions or interest rate.

Staff will be available at the Board's meeting to provide additional information and respond to any questions.

**ALTERNATIVES/PROS AND CONS OF RECOMMENDED ACTION:**

**PROS:**

- Continues to provide financing for TLMC while enabling MID to earn interest income while negating the need for TLMC to provide financing through a bank
- Provides TLMC operating flexibility and continued customer service to lake visitors
- Allows for minimal impact to parks and lake visitors

**CONS:**

- No discernable cons as this extends the existing term loan and revolving line of credit and warrant, essentially as is.

**ALTERNATIVES:**

- Do not modify/extend the revolving line of credit, making the existing loans due and payable on December 31, 2021 and requiring TLMC to seek other financing sources
- Direct staff to develop different options

**DEPARTMENT CONCURRENCES:**

Not applicable

**FISCAL IMPACT:**

If the Addendum Agreements are not approved, there would be an immediate significant negative impact on TLMC's ability to continue to provide service at Lakes McClure and McSwain. There would also be a significant negative impact on TLMC's ability to repay amounts borrowed to date on the existing Agreements.

**TWIN LAKES MANAGEMENT COMPANY**  
**RESOLUTION NO. 2021-01**

**RESOLUTION AUTHORIZING EXECUTION OF AN ADDENDUM AGREEMENT EXTENDING THE TERMS OF THE EXISTING 1) TERM LOAN, AND 2) REVOLVING LINE OF CREDIT AND WARRANT WITH THE MERCED IRRIGATION DISTRICT**

**WHEREAS**, the Board of Directors of the Merced Irrigation District (the "Board" and the "District," respectively) caused to be incorporated that entity known as the Twin Lakes Management Company ("TLMC");

**WHEREAS**, the TLMC is generally responsible for operations of the marinas and concessions businesses at Lake McClure and Lake McSwain;

**WHEREAS**, the District and TLMC previously entered into a 1) Term Loan, and 2) Revolving Line of Credit Agreement and Warrant in order to provide operating funds and cash flow during the seasonal ups and downs the lake operations, facilitate needed deferred maintenance projects for all marina customers and visitors to Lake McClure, as well as other routine transactions (See MID Resolution No. 2011-35 and TLMC Resolution No. 2011-04, both of which are dated December 6, 2011);

**WHEREAS**, the terms of both the Term Loan and Revolving Line of Credit Agreement and Warrant is scheduled to expire on or about December 31, 2021, and in order to be able to continue to provide lake services to customers at Lakes McClure and McSwain, the TLMC has requested that the District extend the terms of both credit Agreements for an additional 5 years. The substantial form of Addendum Agreements extending the terms of both the Term Loan and Revolving Line of Credit Agreement and Warrant are attached hereto as Attachment 'A';

**WHEREAS**, the Board has been presented with, has considered the substantial terms of, and hereby determines it is in the best interests of the TLMC to enter into the Addendum Agreements referenced above and attached hereto, as presented;

**WHEREAS**, other than extending the term of the Term Loan and Revolving Line of Credit and Warrant, no other terms or conditions of the Term Loan or Revolving Line of Credit Agreement and Warrant shall be changed.

**NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

Section 1: The Board hereby finds and declares that the statements, findings and determinations of the TLMC set forth in the recitals above are true and correct and are incorporated herein.

Section 2: The TLMC Officers or their designee is authorized to execute the Addendum Agreements in substantially the form presented to the Board, subject to such reasonable modifications, deletions and revisions as the executing officers may deem necessary or appropriate prior to execution, said execution to provide conclusive evidence of the Boards approval.

Section 3: The District's General Manager or his designee is hereby authorized to take all other steps necessary, and execute such other documents as such officers deem necessary or appropriate to carry out and implement the intent of this Resolution, including without limitation execution of documents, such as certificates of acceptance and all other necessary documents, said actions or executions to provide conclusive evidence of the Boards approval.

**PASSED AND ADOPTED** by the Board of Directors of Twin Lakes Management Company this 7th day of December, 2021, by the following vote:

Ayes:	Directors:
Noes:	Directors:
Abstain:	Directors:
Absent:	Directors:

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Jeff Marchini  
Chair  
Twin Lakes Management Company

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Robert Weimer  
Vice Chair  
Twin Lakes Management Company

## FOURTH ADDENDUM AGREEMENT

### EXTENSION OF TERM OF REVOLVING LINE OF CREDIT AGREEMENT AND WARRANT BETWEEN THE MERCED IRRIGATION DISTRICT AND THE TWIN LAKES MANAGEMENT COMPANY

The undersigned Parties entered into a Revolving Line of Credit Agreement and Warrant on January 3, 2012, and entered into a First Addendum Agreement on or about December 18, 2012 in order to extend the term of the agreement and warrant. A Second Addendum was entered into on February 19, 2013 in order to increase the credit limit of the agreement and warrant by \$350,000 to a total of \$900,000. A Third Addendum was entered into in August 2016 in order to decrease the line of credit to \$750,000 and extend the term of the agreement for an additional 5 years, to December 31, 2021.

The Parties now desire to enter into this Fourth Addendum Agreement in order to further modify and extend the term of the Revolving Line of Credit Agreement and warrant. All of the other terms and conditions in the Revolving Line of Credit Agreement and Warrant, as they have been amended, shall remain unchanged and in full force and effect, except where superseded by this Addendum. This Addendum shall be fully incorporated into the Revolving Line of Credit Agreement and Warrant between the parties.

#### Amendments to Warrant

1. Subsection (c) of the Section entitled "INTEREST" is hereby amended to read as follows:

"Payment of Interest. TLMC will pay all accrued interest along with all outstanding principle amounts due hereunder on or before **December 31, 2026.**"

2. Subsection (a) of the Section entitled "BORROWING AND REPAYMENT" is hereby amended to read as follows:

"Borrowing and Repayment. TLMC may from time to time during the term of this Warrant borrow, partially or wholly repay its outstanding borrowings, and reborrow, subject to all of the limitations, terms and conditions of this Warrant and of any document executed in connection with or governing this Warrant; provided however, that the total outstanding borrowings under this Warrant shall not at any time exceed the principal amount stated above. The unpaid principal balance of this obligation at any time shall be the total amounts advanced hereunder by the holder hereof less the amount of principal payments made hereon by or for TLMC, which balance may be endorsed hereon from time to time by the holder. The outstanding principal balance of this Warrant and all accrued thereon shall be due and payable in full on **December 31, 2026.**"

**SECOND ADDENDUM AGREEMENT**

**EXTENSION OF TERM OF INSTALLMENT PROMISSORY NOTE (TERM LOAN) BETWEEN THE MERCED IRRIGATION DISTRICT AND THE TWIN LAKES MANAGEMENT COMPANY**

The undersigned Parties entered into an Installment Promissory Note (Term Loan) on January 3, 2012. The Parties entered into a First Addendum Agreement in August 2, 2016 in order to extend the term of said agreement an additional 5 years, to December 31, 2021.

The Parties now desire to enter into this Second Addendum Agreement in order to further modify and extend Term Loan. All of the other terms and conditions in the Term Loan shall remain unchanged and in full force and effect, except where superseded by this Addendum. This Addendum shall be fully incorporated into the Installment Promissory Note between the parties.

**Amendments to Installment Promissory Note**

1. The second paragraph of said Installment Promissory Note is hereby amended to read as follows:

"Equal installments of \_\_\_, (\$\_\_\_) allocated to interest only as set forth in Exhibit "A", attached hereto and incorporated herein, shall be due on or before the thirty first day of December each and every year, commencing on **December 31, 2021** and continuing until the end of the term of this Note. The principal sum and the interest contemplated herein, if it has not been fully paid earlier, shall be due and payable on or before **December 31, 2026**. Principal and interest is payable in lawful money of the United States of America."

This Second Addendum Agreement is effective as of the date it has been executed by all Parties hereto.

All of the other terms and conditions in the Installment Promissory Note shall remain unchanged and in full force and effect, except where superseded by this Addendum.

**MERCED IRRIGATION DISTRICT**

Dated: December \_\_\_, 2021.

\_\_\_\_\_

John Sweigard, General Manager

**TWIN LAKES MANAGEMENT COMPANY**

Dated: December \_\_\_, 2021.

\_\_\_\_\_

Jeff Marchini, Chair

Dated: December \_\_\_, 2021.

\_\_\_\_\_

Robert Weimer, Vice Chair

**Amendments to Revolving Line of Credit Agreement**

1. Subsection (a) of Section 1.1 entitled "LINE OF CREDIT" is hereby amended to read as follows:

"Revolving Line of Credit. Subject to the terms and conditions of this Agreement, District hereby agrees to make advances to TLMC from time to time up to and including **December 31, 2026**, not to exceed at any time the aggregate principal amount of Seven Hundred Fifty Thousand Dollars (\$750,000.00) (the "Loan"). The proceeds of the Loan shall be used to provide operating funds during slower periods of lake operations, facilitate needed deferred maintenance projects necessary to provide optimum customer service, and ensure safe and secure facilities for all marina customers and visitors, and the Lake McClure mooring and marina slip holders. TLMC's obligation to repay the Loan shall be evidenced by a warrant dated concurrently herewith (the "Warrant"), all terms of which are incorporated herein by this reference."

This Fourth Addendum Agreement is effective as of the date it has been executed by all Parties hereto.

All of the other terms and conditions in the Revolving Line of Credit Agreement and Warrant, as amended, shall remain unchanged and in full force and effect, except where superseded by this Addendum.

**MERCED IRRIGATION DISTRICT**

Dated: December \_\_\_, 2021.

\_\_\_\_\_  
John Sweigard, General Manager

**TWIN LAKES MANAGEMENT COMPANY**

Dated: December \_\_\_, 2021.

\_\_\_\_\_  
Jeff Marchini, Chair

Dated: December \_\_\_, 2021.

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Robert Weimer, Vice Chair

# ***MEETING OF THE TWIN LAKES MANAGEMENT COMPANY***

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**DATE:** 12/07/2021

**AGENDA ITEM:**

FY2022 TLMC Financial Update