

MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
SANTA LUCIA COMMUNITY SERVICES DISTRICT
February 19, 2025

The special meeting of the Board of Directors of the SANTA LUCIA COMMUNITY SERVICES DISTRICT was held at the Golf Club Library at the Santa Lucia Preserve, 19 Pronghorn Run, Carmel, California, at 8:30 a.m. on Wednesday, February 9, 2025.

Call to Order. The meeting was called to order at 08:35 a.m. by President Mark BOITANO.

Closed Session. At 8:36 a.m., the board entered a closed session. The Board came out from its closed session at 9:40 a.m. No reportable action was taken. The Board conducted final interviews with two prospective firms and selected a new firm to be the District's Legal Counsel. The Board Chair authorized two Board representatives to work with the firm to finalize an agreement for legal services, to be presented to the Board Chair and General Manager for signature.

Roll Call. The following Directors were present: Mark BOITANO, Cary WHITFIELD, Melissa THORME (joining at 8:46 a.m.), Jack PEAT (leaving at 12:02 p.m.), and Ron EASTMAN. Also present were Carl SCHACHTER, Advisor; Shaw PICK, District General Manager, Karen BAXTER, Preserve Company CEO; Mike SAEIDI, Preserve Company CFO; Aaron DULA, Director of Public Works and Infrastructure; Phil PENKO, Director of Security; Jamil TANGUAY, Gatehouse Manager; Emily AIKEN, Fire & Fuels Management Specialist; and Aimee DAHLE, District Executive Assistant. Present via ZOOM: Robert WELLINGTON, District Legal Counsel; and John SHUPE, Advisor.

Public Comment. None.

Slate of Officers. Mr. PICK distributed a ballot form to the Board for the election of the officers remaining to be slated after the January 14, 2025, meeting. This election was for the board Vice President. Ballots were returned and tabulated showing three votes for Jack PEAT and two for Melissa THORME. After the vote, the officers are as follows: Mark BOITANO, President; Jack PEAT, Vice President; Shaw PICK, Secretary; and Mike SAEIDI, Treasurer.

Budget Review. Mr. PICK informed the Board that the purpose of the meeting was for a detailed budget review before discussions commenced on the proposed five-year plan. Mr. PICK then introduced Aaron DULA, Director of Public Works and Infrastructure, who presented the budget forecast for the fiscal year ending (FYE) June 30, 2025, and preliminary budget figures for FYE June 30, 2026, for the Water, Wastewater and Roads departments. Mr. DULA highlighted overages in parts and supplies, operations maintenance and utilities (electrical) noting that the inflationary factor for parts along with aging infrastructure has created overages in the

parts and maintenance line items. PG&E (electrical) costs have increased at a far greater rate than anticipated at the start of the 5-year plan in 2020 and are expected to continue to rise. Mr. DULA recommended that future capital projects be allocated toward increasing solar infrastructure to offset the increase in electrical costs. Ms. BAXTER informed the Board that she is working on a community wide solar plan and will be releasing information as it becomes available. Mr. DULA also raised the need to consider increasing staffing levels to keep up with growing water department facilities. After fielding questions regarding the presentation and budget, Mr. DULA was asked to provide the Board with data on the correlation between community growth and budget increases.

Mr. PICK next reviewed the administrative department informing the Board of budget increases primarily in the insurance and legal fields with the addition of a new legal firm. Mr. PICK noted that saving will be made with the departure of Mr. ARTHUR as well as the possibility of decreasing the insurance coverage limits. After a brief discussion on insurance along with questions from the Board about the breakdown of the budget, Mr. PICK informed the Board that he will invite the District Insurance broker to the April meeting to discuss insurance cost options.

Ms. TANGUAY next presented the Board with the Gatehouse budget showing increases in cleaning and utilities. Ms. TANGUAY and Mr. PICK discussed the gate pedestal upgrade and the potential future cost savings associated with decommissioning numerous communications circuits currently in use, but not optimal for the new equipment. After a discussion regarding rising fuel costs, there was discussion regarding electric and hybrid vehicles for Security along with the need for vehicle charging infrastructure which will be part of future budget and capital considerations.

Ms. AIKEN next presented the Fire & Fuels budget noting that this budget has been able to maintain operations within the current revenue structure with little impact from the current rate of inflation primarily due to prioritizing work to sub-contractors. Ms. AIKEN also noted that she applied for and received a Cal Fire grant for a remote-controlled masticator to help in future fuel management efforts. This equipment will utilize CSD staff instead of third-party labor, thereby lowering operating costs.

Ms. DAHLE presented the Trash budget with Mr. PICK noting that the department operates based on user fees and can be adjusted if needed. Ms. DAHLE noted that overall, the budget is stable and could realize some savings with the transfer of the compost operations over to the Ranch Club. A question was asked regarding the member pricing for trash service to which Ms. DAHLE informed the Board of the Waste Management contract and their proposed increases ahead of the District taking over operations. Mr. EASTMAN suggested that a communication go out regarding the development of the Trash department for history and transparency.

Five-Year Plan. Mr. PICK thanked the management team for their work on the budget presentation and stated to the Board that their feedback will be incorporated into the final Budget build which will occur in July. Mr. PICK reviewed the current five-year plan presentation which calls for the current plan to be terminated a year early, during FYE 2025, with a proposal for a new plan to go out to vote which will allow the

Board to pursue increases up to 7% starting FYE 2026 through FYE 2030. Mr. PICK stated that this increase would support the District in balancing revenues and expenses, while maintaining a disciplined capital improvement program and protecting the reserves from depletion. Mr. PICK also reminded the Board that this increase was separate from the need for an election for the roads. A brief discussion was held over the appropriate increase to which the Board requested more time to review the data before coming up with the final percentage for the 5 Year Plan election in 2025.

Adjournment: There being no further business, a motion and second (THORME/WHITFIELD) was made and the meeting was adjourned at 12:35 P.M.