

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
SANTA LUCIA COMMUNITY SERVICES DISTRICT
July 29, 2019

The regular meeting of the Board of Directors of the SANTA LUCIA COMMUNITY SERVICES DISTRICT was held at the Hacienda, Preserve Room, at the Santa Lucia Preserve, 63 Rancho San Carlos Road, Carmel, California, at 9:00 A.M. on Monday, July 29, 2019.

Call to Order. The meeting was called to order at 9:00 A.M. by Board President Mark BOITANO.

Roll Call. The following Directors were present: Mark BOITANO, Carl EKLUND, Dave MADDOX, Allen FINLEY, and Barbara SANTRY. Also present were David RINALDO, Advisory Member; Scot SMYTHE, Advisory Member; Melissa THORME; Advisory Member; Bill DOREY, Advisory Member; Forrest ARTHUR, District General Manager; Aimee DAHLE, District Executive Assistant; Andy SIMER, District Finance Officer; Karen BAXTER, Chief Executive Officer of the Santa Lucia Preserve Company; David SIMPSON, Director of Property Operations; Michael URQUIDES, Monterey County Regional Fire District (MCRFD) Fire Chief; and Rob WELLINGTON, District Legal Counsel.

Public Comment. None.

Approval of Minutes. Meeting minutes for April 23, 2019, were presented and discussed. Director SANTRY requested that it be put in the minutes that Resolution 19-02 was a duplicate resolution passed by the CSD Board in 2014, now being resubmitted, with slight modifications, due to other entity Boards having not resolved this item in a timely manner. A motion was made by Director FINLEY and seconded by Director SANTY, and by unanimous vote, the Board Meeting Minutes were approved as corrected.

General Manager's Report.

Security Report. Mr. ARTHUR presented the Security Report to the Board, stating that average speeds along Rancho San Carlos Road had remained consistent with prior reports and was in line with expectations. Mr. ARTHUR then went on to discuss two recent fires that occurred on property as well as a medical event regarding a District employee. After a brief discussion, Mr. ARTHUR introduced Chief URQUIDES to discuss current medical and fire coverage provided by MCRFD. Chief URQUIDES provided the Board with an update on staffing challenges faced by the fire district. After further discussion, Chief URQUIDES left at 9:53 a.m. Mr. ARTHUR informed the Board that staff will continue to work with Chief URQUIDES to explore future options for expanded fire And medical coverage on the Preserve.

Financial Report. Mr. SIMER addressed the Board and presented forecasted results for Budget FY 2018-19. Revenues were expected to finish below budgeted expectations by approximately \$28,000; however, expenses were expected to be slightly higher than planned by \$11,000. Mr. SIMER next discussed the breakdown of the Administrative Reimbursement Expense, reporting on legal spending related to the governance and inclusionary/employee housing project. He noted that \$82,000 had been spent during calendar 2018 on both parts of the project. He reported that its scope had been limited to inclusionary/employee housing for all of calendar year 2019. Mr. SIMER reported that the Preserve Board had budgeted to spend \$120,000 on legal expenses related to inclusionary/employee housing in its calendar 2019 budget and asked that the District reconsider participating in this project. There was discussion about the appropriate share for the District and Mr. SIMER requested 25% participation. Director SANTRY noted that, along with the other Preserve entities, the District has a need to expand on-property housing for its employees, particularly those supporting safety and security. Director SANTRY stated that this 25% share seemed reasonable, given the District's need and the more limited scope of the project. Director SANTRY made a motion to amend the 2018-2019 Budget to allow for \$30,000 of these legal expenses and proposed an additional \$30,000 in the 2019-2020 Budget for the sole purpose of inclusionary/employee housing. She also requested that Mr. SIMER provide updates on spending levels as the project proceeds. The motion was seconded by Director EKLUND and passed with four members in favor and one vote against. Mr. ARTHUR then presented the Board with the draft Budget, FYE 2019-2020. Proposed increases in revenues and operating expenses were discussed, including the need for a discussion in the January meeting relating to the compensation rates of existing personnel. After further discussion, Mr. ARTHUR informed the Board that the modest increase in operating expenses would be diligently monitored and whenever possible offset in other areas in the coming year. After further discussion, a motion was made to approve Resolution 19-03, "A Resolution Adopting a final Budget for Fiscal Year 2019-2020" by Director SANTRY and seconded by Director EKLUND. With no further discussion, the Resolution passed unanimously.

Business Matters. Mr. ARTHUR informed the Board of the current water situation and the continued monitoring of evaporation in Pond B2, stating that over a 60 day period, records indicate approximately 800,000 gallons of evaporation loss. This accounted for an approximate 8% water loss during the period. Staff will continue with their study to better understand the evaporation loss issues. Mr. ARTHUR next informed the Board that Director MADDOX had duly notified the General Manager in writing of his desire to resign from the Board effective upon the conclusion of the July meeting. The Board thanked Director MADDOX for his dedication to the District and he left the meeting at 11:30 a.m.

Director EKLUND updated the Board on the Preserve Board meeting, stating that the community as a whole has several significant challenges ahead and that staff will be presenting solutions at a later date for consideration. Ms. BAXTER further discussed marketing efforts, staffing issues, and potential changes within operations.

Board Action. Mr. ARTHUR presented the Board with a letter from the Special District Risk Management Authority (SDRMA) requesting a ballot return in order to fill SDRMA Board vacancies. After a brief discussion, a motion was made by Director SANTRY, and seconded by Director FINLEY, followed by unanimous vote, allowing Mr. ARTHUR to vote for the SDRMA Board on the Board's behalf.

Next, Resolution 19-04 was presented before the Board to approve the tax levy for Fiscal Year 2019-2020. A motion was made by Director SANTRY and seconded by Director FINLEY, with the Resolution passing unanimously.

Resolution 19-05 was presented before the Board to adopt the appropriations limit for Fiscal Year 2019-2020. A motion was made by Director SANTRY and seconded by Director EKLUND, with the Resolution passing unanimously.

Additional Items. None.

Citizen's Advisory Committee Comments. None.

Adjournment. With no further business being brought before the Board, upon motion and second (FINLEY/EKLUND), the meeting was adjourned at 12:02 p.m.