

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
SANTA LUCIA COMMUNITY SERVICES DISTRICT
July 25, 2023

The regular meeting of the Board of Directors of the SANTA LUCIA COMMUNITY SERVICES DISTRICT was held via ZOOM and in person at the New Corporation Yard at the Santa Lucia Preserve, 121 Rancho San Carlos Road, Carmel, California, at 9:00 A.M. on Tuesday, July 25, 2023.

Call to Order. The meeting was called to order at 9:02 A.M. by Board President Mark BOITANO.

Roll Call. The following Directors were present: Mark BOITANO, Barbara SANTRY, Scot SMYTHE, Melissa THORME and Cary WHITFIELD. Also present were Forrest ARTHUR, District General Manager; Karen BAXTER, Chief Executive Officer of Santa Lucia Preserve Company and Bob LATTA, Advisory Member. Joining the meeting by ZOOM: Aimee DAHLE, District Executive Assistant; David SIMPSON, Director of Operations; Jamil TANGUAY, Gatehouse Manager; Teguh PRASETYO; Assistant Gatehouse Manager; Kevin SIRING, Assistant Director of Water Systems; Emily AIKEN, Fire and Fuels Management Specialist and Robert WELLINGTON, Legal Counsel for the District. Members of the public joining via ZOOM: Paul INGRAM (leaving at 9:08 A.M.)

Public Comment. Mr. INGRAM addressed the Board and stated that as a cabin owner in the neighboring property at White Rock, he was glad to see that the District was moving forward with the vote on the expanded fire coverage. Mr. INGRAM also expressed hope that in the future the neighboring properties will assist in future funding efforts.

Approval of Minutes. After reviewing the minutes for the Meeting of April 17, 2023, and Special Meeting of May 23, 2023, a correction was made regarding the phasing of timing for the drilling of wells by Director THORME. After a brief discussion, the motion was made by Director THORME and seconded by Director WHITFIELD to accept the May 23, 2023, minutes as amended and the April 17, 2023, minutes as presented. Roll call was held, and the motion passed unanimously.

General Managers Report.

Security Report. Mr. ARTHUR presented the Security Report stating that speeds have remained consistent within posted limits and reviewed the emergency response list.

Financial Report. Mr. ARTHUR introduced the proposed draft budget for FY 2023-2024 and reported that in an effort to reconstruct the quarterly reporting to better match the audit results, several modifications were necessary, including the elimination of “Gross Up” charges that were included in prior years. These changes also included

adding items to the top line that were traditionally labeled as considerations and posted below the operating expense line. Mr. ARTHUR also noted that management attempted to follow standard budgeting protocol of matching increased expenses to increased revenues, however, with the modifications made, the proposed budget showed an increase in expenses of 8.3% over revenue increases of 2.7%. Mr. ARTHUR next presented the Preserve Company allocation of operating expenses calling attention to the allocation study results and the impending administrative reimbursement reduction year over year. Mr. ARTHUR also noted that rental fees were calculated into the allocation results based on a study of space utilization in individually owned facilities. Director SANTRY stated that a legal and auditing concern existed by including rental fees in the resulting allocation figures. After a brief discussion, the Board requested that staff move the amount of \$33,600 into the water department as rental fees.

Mr. ARTHUR next presented a list of Capital projects for the budget year, highlighting the prior year's performance and the ongoing and new projects as proposed for FY 2023-24. Mr. ARTHUR continued his presentation with a review of the performance of the current five-year plan, including impacts on the plan provided the budget was approved as presented. Next, Mr. ARTHUR recommended that the performance of the plan be reviewed again at the April 2024 meeting. It was noted that management is committed to keeping expenses down where possible. The management team in attendance were thanked for their due diligence and left the meeting at 10:29 A.M.

Director SANTRY next addressed the Board on her concerns relative to the allocation study results, stating that the results of the study indicated that the allocation for the prior year may have been incorrect in that the District may have been charged for services not rendered. Director SANTRY stated that the legal question remained as to whether the District has the power to overlook paying for services not rendered from the prior year's activities. Mr. ARTHUR stated that when the allocation study was requested, it was requested on a "look forward" basis and that in years past, the allocation percentages had been approved in the budgeting process. After further discussion, the Board requested that Rob WELLINGTON return at a future meeting with a legal opinion on both matters.

At this time, several questions were asked in regard to the specifics of the budget as presented. Mr. ARTHUR answered the questions and Director THORME thanked Mr. ARTHUR for the increased level of information provided in the budget presentation.

Board Action. Being that no further questions were presented, Resolution 23-07 to adopt the FY 2023-2024 Budget was presented to the Board. A motion was made by Director WHITFIELD and seconded by Director SMYTHE to adopt the Resolution with the amendment to the rental fees as discussed. With roll call being held, Directors SANTRY, SMYTHE, WHITFIELD and BOITANO voted in favor of passing Resolution 23-07, with Director THORME electing to abstain from the vote. Resolution 23-07 passed. Resolution 23-08 was also introduced as "A Resolution Certifying Compliance with State Law with respect to Levying of General and Special Taxes,

Assessment's, and Property Related Fees and Charges". Upon motion by Director SANTRY and seconded by Director SMYTHE, roll call was held with Directors SANTRY, SMYTHE, WHITFIELD and BOITANO voting in favor of passing Resolution 23-08, with Director THORME abstaining from the vote. Resolution 23-08 passed. Resolution 23-09 was presented before the Board to adopt the appropriations limit for Fiscal Year 2023/2024. A motion was made by Director WHITFIELD and seconded by Director SANTRY, with roll call being held and Resolution 23-09 passing unanimously.

CEO/Preserve Board Liaison Report. Ms. BAXTER stated that she will start providing the Board with the non-redacted CEO Report, noting that Inclusionary Housing discussions with the Board of Supervisors were ongoing. Ms. BAXTER also updated the Board to staff and member relations, real estate and membership sales, and operational sustainability. Director WHITFIELD added that the Preserve Company Board is working with AON, an outside firm, to investigate the potential for a self-insurance program within the Preserve.

Conservancy Report. Director SMYTHE informed the Board that the Conservancy's strategic plan will be in draft form by September 8th, with the final being available by the end of the year. Mr. SMYTHE also reported on staffing and cattle grazing operations, as well as Open land inspections. Director SMYTHE encouraged the Board to join in the Open land inspections.

Citizen's Advisory Committee Comments. None.

Closed Session. The board went into closed session at 11:38 A.M. to discuss employee appointment matters.

Adjournment. With no further business being brought before the Board, upon motion and second (THORME/WHITFIELD), the meeting was adjourned at 12:10 P.M.