

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
SANTA LUCIA COMMUNITY SERVICES DISTRICT
July 19, 2022

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 19, 2022.

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, and Cary WHITFIELD. Also present were Forrest ARTHUR, District General Manager; and Karen BAXTER, Chief Operating Officer of Santa Lucia Preserve Company. Joining the meeting by ZOOM: Directors Scot SMYTHE and Melissa THORME; Bob LATTA, Advisory Member; Aimee DAHLE, District Executive Assistant; David SIMPSON, Director of Operations; and Robert WELLINGTON, Legal Counsel for the District. Members of the public joining in person: Ron Eastman, Tom Gray, Bill Lewis, and Peter Gordon (all leaving at 11:22 A.M.)

Public Comment. Mr. GORDON addressed the Board and stated that the members of the public present were in attendance to observe the budget analysis and presentation. Mr. Gordon further stated that all members share a desire to better understand that the services provided by the District will continue to operate at exceptional levels while ensuring there is a comfort level that all costs are shared equitably.

Approval of Minutes. After review of the minutes for the Meeting of April 26, 2022, a correction was made regarding the phrasing of Net Position as well as noting that that Director SANTRY had resigned as the District's designated member from the Preserve Board. After a brief discussion, the motion was made by Director WHITFIELD and seconded by Director SANTRY to accept the April 26, 2022, minutes as amended and the June 9, 2022, minutes as presented. Roll call was held, and the motion passed unanimously.

General Managers Report. Mr. SPECIALE joined the meeting at 9:10 AM at the request of Mr. ARTHUR. Mr. ARTHUR stated that Mr. SPECIALE had joined the Preserve as the Director of Security in 2008 and that his resignation would be in effect as of September 30, 2022. The board congratulated Mr. SPECIALE on his retirement and thanked him for his tenure with the district. Next Mr. ARTHUR introduced Monte ROEKER (arriving at 9:13 AM) as the new Director of Security, having been promoted from within the department. The board welcomed Mr. ROEKER in his new position. Mr. SPECIALE and Mr. ROEKER left at 9:15 AM.

Financial Report. Mr. ARTHUR introduced the proposed draft budget for fiscal year 2022-2023 and reported that management attempted to follow budgeting protocol of matching increased expenses to increased revenues, however, with the rise in fuel, electrical costs and administrative reimbursement expenses, the proposed budget included an increase in expenses by 9%. Mr. ARTHUR also noted that with lower water sales from the prior year, and the increased fuel and utility impacting expense lines, the 2021-2022 budget was expected to close at approximately \$100k over budget. It was noted that management is committed to keeping expenses down where possible and is looking to outsource work when needed to compensate for labor shortages. Further discussions on capital considerations were also discussed.

Director SANTRY addressed the board with her concerns over the budget as it pertains to the Preserve Company Allocations as well as rate of increase within several line items, stating that the management services fees were up 59% since 2019. Ms. SANTRY stated that she had concerns about the oversight of the expenditures, including the payroll to the executive team, as she believed that the District was disproportionately being charged in comparison to services received as the payroll allocation increased by 75% since 2019. Ms. SANTRY also noted deficiencies presented in the audit and her concern over inconsistent accounting documentation. Director Boitano and Director Whitfield were charged with addressing these concerns with the Preserve Board at its next meeting. After discussion, Ms. SANTRY proposed an alternative budget with reductions in the Preserve Company common operating expenditures until further review.

Board Action. Resolution 22-07 was presented to the Board to adopt the final budget for Fiscal Year 2022/2023. A motion was made by Director SMYTHE and seconded by Director WHITFIELD to approve the budget for the first and second quarter, while quarters three and four would be approved following the review of the Preserve Company's presentation of its proposed 2023 budget in the November meeting of 2022. With roll call being held, Directors SMYTHE, WHITFIELD and BOITANO voted in favor of passing Resolution 22-07, with Directors SANTRY and THORME opposing the vote. Resolution 22-07 passed at a final vote of 3-2. Resolution 22-08 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 WHITFIELD and seconded by Director SANTRY, roll call was held and the Resolution passed unanimously. Resolution 22-09 was presented before the Board to adopt the appropriations limit for Fiscal Year 2021/2022. A motion was made by Director WHITFIELD and seconded by Director SANTRY, with roll call being held and the Resolution passing unanimously. Resolution 22-06 was also presented to call for an election of the two board seats that will be available in November 2022. Upon motion by Director WHITFIELD and seconded by Director SANTRY, roll call was held and the Resolution passed unanimously.

Security Report. Mr. ARTHUR presented the Security Report stating that speeds have maintain consistent within posted limits. After a question regarding a DUI rollover, Mr. ARTHUR informed the board that all traffic related incidents, with the exception of speeding violations, have the CHP contacted for response and reporting.

Additional Items. Mr. WELLINGTON informed the Board that after review and discussions with other Special Districts, legal opinion is that in order for the District to be part of the Preserve Company Board, the board must abide by the Brown Act.

Mr. ARTHUR informed the Board that staff will work on an appropriate modification to the Bylaws and Management Services Agreements.

Public Comment None.

Citizen's Advisory Committee Comments. None.

Adjournment. With no further business being brought before the Board, upon motion and second (THORME/WHITFIELD), the meeting was adjourned at 12:02 P.M.