

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
SANTA LUCIA COMMUNITY SERVICES DISTRICT
NOVEMBER 13, 2018

The regular meeting of the Board of Directors of the SANTA LUCIA COMMUNITY SERVICES DISTRICT was held at the New Corporation Yard, Santa Lucia Preserve, 121 Rancho San Carlos Road, Carmel, California, at 9:00 A.M. on Tuesday, November 13, 2018.

Call to Order. The meeting was called to order at 9:03 A.M. by Board President Mark BOITANO.

Roll Call. The following Directors were present: Mark BOITANO, Barbara SANTRY, Dave MADDOX (left at 11:33 A.M.), Carl EKLUND, and Alan FINLEY. Also present were Forrest ARTHUR, District General Manager; Aimee DAHLE, Executive Assistant; Andy SIMER, District Finance Officer (left at 9:52 A.M.); Rich SPECIALE, Director of Security; Melissa THORME, Advisory Member (via teleconference); William DOREY, Advisory Member (left at 11:33 A.M.); Scot SMYTHE, Advisory Member; Robert WELLINGTON, Legal Counsel for the District; and Rae GULARTE and Mike BRILEY, District Auditors from Hayashi & Wayland (joined at 9:18 A.M. and left at 9:50 A.M.).

Public Comment. None.

Approval of Minutes. After review and discussion was had regarding minor edits and corrections to the draft meeting minutes for July 24, 2018, a motion to approve was made by Mr. BOITANO and seconded by Ms. SANTRY; the Board Meeting Minutes were approved as amended.

General Manager's Report.

Financial Report. After a brief introduction of two new advisors to the Board, Mr. DOREY and Mr. SMYTHE by Mr. ARTHUR, Mr. SIMER updated the Board with the financial statement ending September 30, 2018, stating that overall expenses were lower than expected mainly due to timing of project execution versus timelines set in the approved budget. Mr. SIMER introduced Rae GULARTE and Mike BRILEY, District auditors from the firm of Hayashi & Wayland. Ms. GULARTE outlined the audit process in detail with a few minor management comments and briefly discussed with the Board the "Representation Letter" and then the "Disclosure Letter." Ms. GULARTE then discussed in detail the audit adjustments, the Audited Basic Financial Statements, the Independent Auditors' Report and the Management's Discussion and Analysis, stating that there were no significant control deficiencies identified. Ms. GULARTE pointed out that there were no material weaknesses identified in the audit, and the District was given an un-qualified opinion (i.e., a "clean

audit”). She further stated the audit letter for the Santa Lucia Preserve Company, which contracts with the District to manage, process and record the District’s records, did not identify any significant issues or weaknesses. This was followed by a brief discussion between the Board and the auditors without the presence of staff.

Security Report. Mr. SPECIALE presented the Security Report to the Board, stating that speed infractions have decreased overall, and informed the Board that there will be a change in protocol regarding ambulance response for bee stings. Mr. ARTHUR then introduced Paul DAHLE, District Head Mechanic (joining at 9:51 A.M.), and informed the Board that Mr. DAHLE has retired from Monterey County Regional Fire District Volunteers after 19 years of service as both a Fire Fighter and Engineer. The Board thanked Mr. DAHLE for his years of dedicated service; Mr. Dahle left the meeting at 9:54 A.M. Mr. ARTHUR noted that with the retirement of Mr. DAHLE, who lives on the property, responses to emergencies may be impacted. Mr. ARTHUR stated a possible remedy could be through housing firefighters in either an existing caretaker unit or in designated housing. After a brief discussion, the Board granted staff permission to move forward in pursuing possible solutions.

Business Matters. Mr. ARTHUR informed the Board that the fiber deployment is almost complete, with almost every homeowner electing to have the service connected. Furthermore, the AT&T fiber crews are currently pulling rope at vacant driveways to facilitate future installations. Mr. ARTHUR noted that at this time, no request has been made for final payment although it is expected in the near future.

Mr. ARTHUR next went on to inform the Board that Rancho San Carlos Road, which received a slurry treatment earlier in the year, was being monitored due to potential concerns observed by staff. The contractor was notified by letter of the potential problem and tests were subsequently run by the both the contractor and the District. Although tests results showed no immediate concern for the environment, safeguards were put in place to filter drainage during the first storms of the season. Staff will continue to monitor the situation and will apprise the Board of any further developments.

Mr. ARTHUR informed the Board of a recent Fuel Management Plan (FMP) update orchestrated by the Santa Lucia Conservancy (“Conservancy”) with the endorsement of Monterey County Regional Fire (“MCRF”) Chief, Michael Urquides. The Conservancy has sent out notices to Preserve homeowners regarding the status of their site specific FMP.

Mr. ARTHUR next went on to update the Board regarding the status of negotiations with the current leaseholder of both cell sites, Crown Castle, regarding a proposal to increase cell phone providers on the Preserve. Mr. ARTHUR stated that the negotiations have been slow going but are still moving forward. Further information will be presented at the next meeting of the Board.

Mr. ARTHUR then discussed a recent study performed by AT&T engineers that was conducted throughout the District. The study was intended to investigate existing cellular coverage and possible solutions to further increase coverage in areas with limited or no cell service. The results of the study concluded that coverage could be increased significantly with the addition of micro cell sites in several areas. Engineered estimates were presented at approximately \$2.9 million for seven new sites. Mr. ARTHUR suggested that this project be further investigated and revisited at a later date, to which the Board agreed.

Board Action. Mr. ARTHUR presented the Board with Resolution 18-07, a Resolution to appoint Allen FINLEY to the vacant Board seat left by the resignation of John GAMBLE. A motion to approve was made by Ms. SANTRY, followed by a second from Mr. EKLUND, and was approved by unanimous vote. Mr. ARTHUR next presented the Board with Resolution 18-08, a Resolution to appoint Mr. EKLUND to represent the District as the Preserve Board constituent replacing Mr. BOITANO. A motion to approve was made by Ms. SANTRY, followed by a second from Mr. FINLEY, and approved by unanimous vote.

Approval of 2019 Meeting Calendar. The proposed dates for the regular board meetings for 2019 (to be held on the following Tuesdays: January 29, April 23, July 30, and November 19) were briefly discussed. January 29th was approved and the remaining dates will be reviewed and approved at the January meeting.

Addition to the Agenda. A motion was made by Ms. SANTRY and seconded by Mr. MADDOX, to request that an update to the Animus parcels be added to the Agenda for discussion. After unanimous vote and approval, the Animus discussion was added to the agenda and Mr. ARTHUR informed the Board that one of the two Animus parcels has been sold. Mr. ARTHUR noted that the other Animus parcel had not been sold at this time.

Citizen's Advisory. None.

Adjournment. There being no further business to come before the Board, upon motion and second (SANTRY/FINLEY), and a unanimous vote, the meeting was adjourned at 11:45 A.M.