

MINUTES OF THE REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
SANTA LUCIA COMMUNITY SERVICES DISTRICT

January 10, 2023

The regular meeting of the Board of Directors of the SANTA LUCIA COMMUNITY SERVICES DISTRICT was held at 9:00 A.M. on Tuesday, January 10, 2023.

Call to Order. The meeting was called to order at 9:07 A.M. by Board President Mark BOITANO.

Roll Call. The following Directors were present: Mark BOITANO, Cary WHITFIELD, Melissa THORME, Barbara SANTRY, and Scot SMYTHE. Also present were Robert LATTA, Advisor, and Forrest ARTHUR, District General Manager. Present via ZOOM were Aimee DAHLE, District Executive Assistant; Karen BAXTER, Preserve Company Chief Executive Officer; and Rob WELLINGTON, District Legal Counsel. Rae GULARTE, and Mike BRILEY, District Auditors from Hayashi & Wayland joined via ZOOM at 9:29 a.m. and left at 10:46 a.m. Also joining via ZOOM was Preston COMEY, a member of the public (left at 11:30 a.m.).

Public Comment. Mr. Preston COMEY introduced himself as a member of the public attending with general interest in the meeting.

General Manager's Report.

Approval of Minutes. After review of the November 15, 2022, meeting minutes, a motion to approve was made by Director THORME and seconded by Director SANTRY, followed by a roll call. The meeting minutes were approved unanimously.

General Manager's Report.

Mr. ARTHUR reported to the Board that the impacts of the weather having created a need to increase the roads department staff coverage to evening hours during the duration of the storms.

Financial Report. Mr. ARTHUR discussed the documents provided within the quarterly financial report. Discussion was had relating to the left-over funds collected during the fiber installation project that totaled approximately \$70K. Mr. ARTHUR described the funds could be directed towards the gate pedestal upgrades as this project is fiber related. Mr. BRILEY informed the Board that the firm of Hayashi and Wayland has now merged with Clifton, Larson, and Allen, LLP. The merger will provide an increase in resources and oversight of the audits. Ms. GULARTE briefly discussed in detail the audit adjustments, the Audited Basic Financial Statements, the Independent Auditors'

Report and the Management’s Discussion and Analysis. Mr. BRILEY informed the Board of the upcoming delivery of the “Representation Letter” and the “Disclosure Letter”, noting the criteria of the letters and noting the items that will be covered. Ms. GULARTE stated that material weaknesses, as currently stated in the management letter, were stated in regard to road repairs involving pavement sections coded incorrectly to Capital accounts. After discussion, it was agreed that the level of standard for coding future projects involving pavement as a capital expense required paving of the entire section of a roadway. Mr. ARTHUR informed the Board that the invoice in question had been correctly reclassified, and staff would be instructed as to the level of standard for coding pavement on future projects and implement a system for tracking invoices. The auditors also considered comments from the Board and will go back and reconsider the classification and reissue the audit if necessary.

Ms. GULARTE also recommend that management follow the capitalization policy in place and review expenses regularly to determine the proper recording of fixed asset transactions. Ms. GULARTE and Mr. BRILEY left at 10:46 A.M.

Business Matters. Mr. ARTHUR updated the Board to the draft Agreement between the Fire District and the District for the increased coverage. After a brief discussion over the history of the agreement between MCRFD and the District, Mr. ARTHUR informed the Board that staff and legal will continue to further refine the agreement and come back to the Board with a final draft and proposal to fund the expanded coverage.

Mr. ARTHUR next informed the Board that staff has engaged with an outside contractor to review the roads and water systems in order to provide the Board with an in-depth and independent review of the roadways and a10-year plan.

Conservancy Update. Director SMYTHE updated the board on the Conservancy projects including staff housing issues, expected increases in new construction of homes, and research regarding endangered species on the Preserve.

Citizen’s Advisory Committee Comments. None.

There being no further business, a motion was made by Director THORME and seconded by Director WHITFIELD to adjourn the meeting. The board chair adjourned the meeting at 12:01 p.m.