

MINUTES OF THE REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
SANTA LUCIA COMMUNITY SERVICES DISTRICT  
January 16, 2024

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 16, 2024.

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; Jack PEAT, Advisor; Forrest ARTHUR, District General Manager; Karen BAXTER, Preserve Company Chief Executive Officer; and Mike SAEIDI, Preserve Company Chief Financial Officer. Also present was John SHUPE, a member of the public (joining at 9:14 a.m.).

Present via ZOOM were Aimee DAHLE, District Executive Assistant; Emily AIKEN, District Fuel and Fire Specialist (joining at 9:13 a.m.); Rob WELLINGTON, District Legal Counsel; and Alexis SCHWEISINGER, member of the public (leaving at 10:45 a.m.). Rae GULARTE, and Mike BRILEY, District Auditors from CLA joined via ZOOM at 9:00 a.m. and left at 10:26 a.m.

Public Comment. Alexis SCHWEISINGER, representing Green Infrastructure Design, addressed the Board concerning why a Request for Proposal (RFP) had not been issued relating to GIS mapping services awarded to a competitor. Mr. WELLINGTON addressed Ms. SCHWEISINGER stating that he was researching the complaint and would be submitting an opinion to the General Manager. Mr. ARTHUR informed Ms. SCHWEISINGER that the contract was with the Preserve Company and a cancellation letter would be provided. Mr. ARTHUR thanked Ms. SCHWEISINGER for attending the meeting.

General Manager's Report.

Approval of Minutes. After reviewing the November 14, 2023, and the December 11, 2023, Special meeting minutes, Ms. SANTRY requested edits to the November meeting minutes. A motion was presented by Director THORME to approve both sets of minutes with the suggested changes followed by a second from Director SMYTHE. This motion and second was followed by a roll call vote and the meeting minutes were approved unanimously.

General Manager's Report.

Mr. ARTHUR welcomed back Mr. PEAT and formally introduced him as a Board Advisor. Mr. ARTHUR then welcomed Mr. SHUPE who was joining as a potential future advisor.

Financial Report. Mr. ARTHUR welcomed Mr. BRILEY and Ms. GULARTE for the annual audit presentation. Mr. BRILEY updated the Board to the Audit process for the Fiscal Year 2023 and informed the Board that the auditor's opinion, the financial statements present fairly, in all material respects, the financial position of the Santa Lucia Community Services District, as of June 30, 2023, and the changes in financial position and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America. Ms. GULARTE then briefly discussed in detail the audit adjustments, the Audited Basic Financial Statements, the Independent Auditors' Report and the Management's Discussion and Analysis. Ms. BRILEY also described the difference between the internal reporting and the audit reporting based on the adjustments. 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. BRILEY also noted there were no material weaknesses or significant deficiencies to report. Ms. SANTRY discussed suggested verbiage in the "discussion of changes in Net Position" stating that not all the fees get a 4% increase annually. Ms. SANTRY noted that in the recent audit, note 3 "Cash and Cash Equivalents", the audit stated that the District's deposits exceeded insured limits at June 30, 2023 by \$2,546,572. Staff agreed to review the policy and information provided by Ms. SANTRY and return their findings to the Board. After further questions regarding allocation methods and the investment policy, staff was directed to review the current investment policy for discussion at the April meeting. Mr. BOITANO commended staff for their due diligence in a successful audit. Ms. GULARTE and Mr. BRILEY left at 10:26 A.M.

Security Report. Mr. ARTHUR presented the Security Report and answered questions regarding the alarm responses, staffing and various reported events. Mr. ARTHUR also reported that the expanded coverage of a firefighter/EMS with Monterey County Regional has started as of January 2<sup>nd</sup>.

Business Matters. Mr. ARTHUR discussed with the Board the need to adopt Ordinance 23-01 allowing the levy of taxes in connection with the recent formation of the Community Facilities District. A motion was made by Director THORME and seconded by Director SANTRY, to adopt Ordinance 23-01. Roll call was held, and the motion passed unanimously. Mr. ARTHUR next presented Resolution 24-01 allowing for the levying of the special tax in connection with Ordinance 23-01. A motion was made by Director SMYTHE followed by a second from Director THORME with roll call being held. Resolution 24-01 passed unanimously. MR. ARTHUR went on to introduce Resolution 24-02 which would allow the District to apply for a Cal-Fire grant in order to obtain equipment that will be utilized in fire fuel mitigation throughout the district. After a brief discussion, the motion to approve Resolution 24-02 was made by

Director THORME and seconded by Director SANTRY. Roll call was held, and the Resolution passed unanimously.

Mr. ARTHUR next updated the Board to the status of a grant application relating to Food Waste Collection, stating that grant monies were approved in the amount of \$75,000. Mr. ARTHUR discussed the staff recommendation that a residential composting unit, such as the LOMI model, be purchased and supplied to each Preserve homeowner to comply with the food waste program regulations. Mr. ARTHUR presented a draft letter regarding the food waste program and the communications plan once the grant funds are made available. Mr. ARTHUR also updated the Board on the review of the current budget in the Waste Collection department, stating that the off-haul costs to the landfill have come in significantly higher than originally budgeted. A 7% increase was expected in July from the service provider, Waste Management. Mr. ARTHUR stated that in order to maintain a balanced budget, staff recommends a \$10.51 per month increase per household. After a brief discussion, a motion was made by Director THORME and seconded by Director SANTRY to direct staff to move forward with the increase. Roll call was held, and the motion passed unanimously.

Mr. ARTHUR next followed up with the prior discussion on the Management Services Agreement. Director THORME suggested to the Board that the areas covered by the Management Services Agreement be put out to bid to investigate if cost-saving options were available. Discussion was held on the types of services Preserve Company offers and how competitive pricing might be obtained. After further discussion, staff was directed to contact other Special Districts to see how the services are handled and to report back to the Board the findings.

Mr. ARTHUR also informed the Board that staff was investigating the possibility of moving CSD assets into a state pooled program managed by the Special Districts Risk Management Authority. The Board was informed that one property, the Wastewater Treatment Plant, was already covered by this program under the guidance of broker Risk Strategies. Risk Strategies has been commissioned to conduct the study and the results will be provided to the Board at a later date.

CEO Report. Ms. BAXTER updated the Board that no issues were raised after the State of the Preserve and long-term planning presentations and thanked the Board for their participation. Ms. BAXTER also updated the Board on the County conversations regarding the inclusionary housing requirements.

Conservancy Update. Director SMYTHE had no updates to provide regarding the Conservancy.

Citizen's Advisory Committee Comments. Mr. SHUPE discussed looking into discussing with the County a better return on property taxes levied on the property owners. Further updates will be provided at a later date.

Closed Session. At 11:32 a.m., a closed session of the Board was held to conduct the annual performance review and salary evaluation of the General Manager. At 12:28 p.m. the session concluded with no reportable action taken.

There being no further business, a motion was made by Director WHITFIELD and seconded by Director SANTRY to adjourn the meeting. The board chair adjourned the meeting at 12:29 p.m.