

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
SANTA LUCIA COMMUNITY SERVICES DISTRICT
NOVEMBER 18, 2019

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 Monday, November 18, 2019.

Call to Order. The meeting was called to order at 9:02 A.M. by Board Vice-Chair Barbara SANTRY.

Roll Call. The following Directors were present: Barbara SANTRY, Carl EKLUND, Alan FINLEY, and Melissa THORME. Also present were Forrest ARTHUR, District General Manager; Aimee DAHLE, District Executive Assistant; Karen BAXTER, Chief Executive Officer of the Santa Lucia Preserve Company; Andy SIMER, District Finance Officer; David RINALDO, Advisory Member; William DOREY, Advisory Member; Scot SMYTHE, Advisory Member; Robert WELLINGTON, Legal Counsel for the District; and Rae GULARTE and Mike BRILEY, District Auditors from Hayashi & Wayland (joined at 10:01 A.M. and left at 10:27 A.M.).

Public Comment. None.

Approval of Minutes. After review of the July 29, 2019 meeting minutes, a motion to approve was made by Mr. FINLEY and seconded by Mr. EKLUND, followed by a vote. The meeting minutes were unanimously approved. After review and discussion was had regarding minor edits and corrections to the draft meeting minutes of September 23, 2019, a motion to approve was made by Mr. FINLEY and seconded by Mr. EKLUND; the meeting minutes were approved unanimously as amended.

General Manager's Report.

Financial Report. Mr. SIMER updated the Board with the financial statement ending September 30, 2019, stating that overall expenses were lower than expected, mainly due to timing of project execution versus timelines set in the approved budget. Mr. Simer advised the Board that a rise in workers compensation claims in 2019 had caused a significant rise in the experience modifier, resulting in an increase in premiums for 2020. Mr. SIMER stated that staff will be working with the Preserve insurance broker and carrier in order to help mitigate future workers compensation increases.

Security Report. Mr. ARTHUR presented the Security Report to the Board, stating that radar monitoring on the roadways has shown average

speeds to be below posted speed limits. A 2019 report was reviewed and discussed. Mr. ARTHUR also stated that he has engaged in discussions with Fire Chief Urquides in regard to recruiting retired paramedic/firefighters as Security staff. Mr. ARTHUR noted that discussions also included building a bunkhouse for overnight fire and medical coverage. Preliminary estimates are to be presented to the Board at a future meeting.

Business Matters. Mr. ARTHUR updated the Board on recent Fire Insurance related concerns, stating that despite several non-renewal notices, all Preserve home owners were currently finding alternate sources of coverage. Mr. ARTHUR stated that recent request for lot mowing on vacant properties had resulted in all but 10 percent of the lots, property wide, being mowed or cleared, and that consideration on potential new policy changes to enhance compliance are underway.

Mr. ARTHUR next went on to update the Board regarding the status of improving cell coverage, stating that a consultant, Repeated Signal Solutions (RSS), completed the continuous wave (CW) testing and their findings indicate that only 32% of the District roadways have the necessary cell signal strength in order to consistently hold a call. At this time, the General Manager's report was postponed till later in the meeting in order to facilitate the presentation of the District auditors.

Financial Report Continued. Upon their arrival at 10:01 a.m., 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. Ms. GULARTE and Mr. BRILEY left at 10:27 a.m.

Business Matters Continues. Mr. ARTHUR continued discussion on improved cell coverage, informing the Board of additional programs that could assist due to the public safety aspect, and that he will come back to the Board with additional information at the January meeting.

Mr. ARTHUR updated the Board on the current water supply, stating that current storage supply appeared sufficient to meet golf demand for the remainder of the 2019 irrigation season. Discussion was had regarding aquifer recharge in

recent years and the need for future drilling of wells. Mr. ARTHUR noted that drilling will be focused on the lower portion of the property, in order to investigate supply potential for that area.

Mr. ARTHUR next went on to update the Board on the status of the installation of a floating solar array on Pond A, noting that PG&E was reluctant to upgrade the transformer at no cost as originally agreed upon. Staff, with assistance from District counsel, subsequently filed a claim against PG&E. Not soon after, PG&E reversed course and agreed to their original commitment to upgrade the equipment at no cost. Further updates to the Board will be presented once the transformer is in place and the solar array is put in service.

Mr. ARTHUR then went on to update the Board on the Community Emergency Response Team (CERT) training, stating that fourteen attendees, comprised of District homeowners as well as Preserve staff, had completed the CERT training. It was also mentioned that the new CERT trailer had been purchased within budget guidelines. Mr. SMYTHE added that the team would be meeting quarterly to continue their training.

Preserve Board Update. Mr. EKLUND informed the Board that he had attended the All Entity meeting, where the new marketing forum was discussed, as well as a comprehensive presentation on employee compensation relative to the Preserve Association, Ranch and Golf Club. Mr. EKLUND stated that the presented information illustrated an overall message for continuing to build a sustainable community.

Approval of 2020 Meeting Calendar. The proposed dates for the regular board meetings for 2020 (to be held on the following Tuesdays: January 28, April 28, July 28, and December 1) were briefly discussed and approved.

Citizen's Advisory. None.

Adjournment. There being no further business to come before the Board, upon motion and second (FINLEY/THORME), and a unanimous vote, the meeting was adjourned at 11:14 A.M.