

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
February 1, 2022

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order via video conference by Vice Chair Kelly Rivers at 10:00 a.m., in the Board Room of the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

The Pledge of Allegiance was led by Trustee Noel Hatch.
Roll Call by Board Secretary, Mary Funk.

| | | |
|----------|---------------------------|-------------------------------------|
| PRESENT: | Kelly Rivers, Vice Chair | Second District |
| | Maribel Marroquin-Waldram | First District (Arrived 10:45 a.m.) |
| | Cynthia Ward | Fourth District |
| | Noel Hatch | Fifth District |

STAFF: Tim Deutsch, General Manager
Brenda Manriquez, Finance and Accounting Manager
Mary Funk, Board Secretary

ALSO PRESENT: Steve Quintanilla, General Counsel

PUBLIC COMMENTS - None

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, January 4, 2022.
- B. Approval of the February 2022 Check Registers (Claims) Nos. 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, and 128.
- C. Acceptance of the Quarterly Investment Report for December 31, 2021.
- D. Excused absence for Trustee Cynthia Ward for the January 4, 2022 Regular Board Meeting.

MOTION: of Trustee Hatch, seconded by Vice Chair Rivers and carried by a roll-call vote of 3-0 (Trustee Marroquin-Waldram absent for the vote), approved the Consent Calendar.

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – December 2021

The following interment and interment space sales for December 2021 were reviewed:

| | |
|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
|  Vice Chair |  Secretary |
|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|

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| | | | <u>2021-2022</u> | <u>2020-2021</u> |
|-----------|------------|--------------|------------------|------------------|
| ANAHEIM | Interments | 10 (7 Urn) | 47 (36 Urn) | 47 (29 Urn) |
| | Lot Sales | 3 | 31 | 23 |
| EL TORO | Interments | 83 (20 Urn) | 453 (145 Urn) | 434 (139 Urn) |
| | Lot Sales | 118 | 681 | 578 |
| SANTA ANA | Interments | 20 (8 Urn) | 118 (52 Urn) | 163 (54 Urn) |
| | Lot Sales | 6 | 27 | 73 |
| TOTAL | Interments | 113 (35 Urn) | 618 (233 Urn) | 644 (222 Urn) |
| | Lot Sales | 127 | 739 | 674 |

GM Deutsch reported that the December activity is continuing on the same trend. Anaheim Cemetery continues to be relevant with three space sales and 10 interments. Total interments year-to-date are 47 which is equal to the previous year. Of the 10 interments for December 70% were cremation based and there were no COVID related deaths that staff was aware of.

El Toro Memorial Park had 118 space sales in December of which 106 were for casket space, six were niches and six were in-ground cremation spaces. Triple-digit sales is the bar El Toro is at now. Year-to-date, El Toro has completed 681 space sales, which is 103 higher than the same time last year. There are approximately 3,424 available casket spaces remaining. There are approximately 483 niches remaining in the Maureen Rivers Memorial Niche Garden. El Toro staff conducted 83 interments in December. Year-to-date El Toro has had 453 interments, which is 19 more than the previous year at this time. There were no COVID related deaths reported.

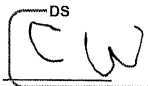

Santa Ana sold six interment spaces and conducted 20 interment services. Of those interments, 40% were cremation based. There was one reported COVID related death at Santa Ana Cemetery in December.

District-wide staff conducted 113 interment services and sold 127 interment spaces. Year-to-date, space sales are at 739, which is 65 more sales than last year at this time. Pre-need transactions accounted for 63% of sales in December. Interment services year-to-date are actually slightly down when compared to last year with 13 few interments occurring when compared to the previous year. Overall, the cremation rate is at 30.9%.

GM Deutsch noted that on the income statement El Toro Memorial Park brought in \$453,760 in revenue, which covered expenses for all three cemeteries and the District Office. GM Deutsch also mentioned that the District had received approximately \$800,000 in secured property taxes in December, which Brenda Manriquez will discuss in more detail in the next report.

B. Financial Reports – December 2021

Brenda Manriquez reported that revenues for December are wonderful. Property taxes are slightly below what was budgeted, but Brenda stated she believes this is due more to timing and the variance is only about \$15,000. On the other hand, Redevelopment Taxes are way over projections and is already at 111% of what was budgeted. She confirmed that the District did receive approximately \$800,000 in secured property taxes in December and expects another

 
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large payment sometime around March. Interment space sales continue to surpass expectations, driven mostly by the surge in pre-need sales. In addition, many of those families are paying in full, up-front so that revenue is being recognized immediately. The District is also exceeding budget expectations for revenue from interment services. Brenda stated this is the first time she can recall hitting over \$500,000 in one month from combined revenue from all three cemeteries.

Expenses for salaries and benefits are continuing to trend high, due mostly to the use of overtime and factors such as annual leave payouts. Nothing new popped out for Services and Supplies. The 1400 account is still low because of a delay in getting invoices from the security company. Those invoices have now been received and were processed in January. The 2800 account for Utilities was about \$13,000 lower than what was budgeted due to a lower actual payment for OCWD Replenishment Assessment, than was accrued to FY 2020-21.

Equipment expenses in December include \$93,000 for the Santa Ana backhoe and \$30,000 for the new Toro Rotary Mower for El Toro Memorial Park.

The Balance Sheet looks really good. The District has hit the \$4 million mark in Pre-Need deposits. Barring any unforeseen expenses, Brenda Manriquez also stated that she anticipates being able to move at least \$1 million from Unassigned to Committed for new Cemetery Development at the end of the fiscal year.

C. December 2021 Interest Rates

GM Deutsch said interest rates for the Endowment Principal funds are up as the District is moving to longer term investments. The only decrease in rates is in the Orange County Investment Pool. All of the outside investments had slight upticks in rates.

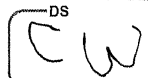
Trustee Hatch stated that there are rumors the Federal Reserve will hike interest rates three times this year. He asked if we have received any advice in light of these possible interest rate hikes and the current state of inflation. GM Deutsch replied that this will be a topic for the Finance and Investment Committee Meeting which he hopes to schedule in February. He tries twice a year to have our investment advisors, Sandra Wheeler and Dick Ebert, be available to the Committee and hopes to also include County of Orange Treasurer, Shari Freidenrich, in those discussions.

D. Investment Portfolio Changes – January 2022

GM Deutsch stated that the investment portfolio report gives a snapshot of the last month's investment activity. As stated before, the Endowment Principal fund is investing in terms four to five years out to take advantage of the best rates possible. There are a lot of investments coming due in the next six months with \$1,588,000 maturing just in Stifel's Endowment Principal and Endowment Income funds. On the current posted interest rates, CalTRUST is slightly outperforming the OCIP. OCIP's rates are about a month behind, but GM Deutsch said he does not expect the County's rates to increase much. The Finance and Investment Committee will discuss whether to transfer money from the OCIP to CalTRUST.

E. Capital Projects Update

GM Deutsch said he was considering bringing the development team to this meeting to update the board on the new cemetery development. However, there are some critical meetings



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scheduled in February so he has decided to ask the development team to attend the March meeting instead. GM Deutsch stated that there has been some very good and cooperative dialog in regard to the CEQA process and the County of Orange is taking a very proactive approach which is very helpful.

GM Deutsch stated that he has a phone conference with CalVet coming up and will discuss the CEQA documents needed for the City of Anaheim. There are also some design factors we need to ask CalVet about. The \$20 million that the County has allocated toward the veterans cemetery is also very positive.

GM Deutsch also reported that he had a Zoom meeting with Supervisor Do, Frank Kim, and Matt Miller regarding the Allied Veterans Section that the District will include in the design of the public cemetery. GM Deutsch was very pleased to hear Supervisor Do state that they are planning to fundraise \$10 million for the development of this section within the public cemetery.

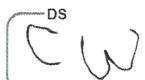
The improvement projects at Anaheim Cemetery and Santa Ana Cemetery are nearing completion. Breakroom space at Anaheim Cemetery has nearly doubled and staff are very pleased with the improved facilities. There was more work at Santa Ana Cemetery where the entire upper breakroom area was upgraded and improved. Improvements were also made to the Santa Ana staff locker room and breakroom. Work at El Toro only includes improving drainage around the exterior of the office building and has not begun yet.

Trustee Hatch asked where the District is in the overall process of establishing a fourth public cemetery and if the General Manager foresees any hurdles of concern. GM Deutsch said that the development team will give a more updated project schedule in March. Looking at the big picture, we are still in the early stages. We have certainly cleared some political hurdles, but we are still relatively early in the environmental assessments. These assessments must be complete before any construction documents can be developed.

GM Deutsch stated that, as with any new development, there are some voices of dissent. He has had a few telephone conversations with concerned Yorba Linda residents and there is misinformation out there. A part of the CEQA is to address such concerns and to conduct as much community outreach as possible.

D. Audit Update

Brenda Manriquez stated that staff was hoping to present the audit today, but the draft audit arrived too late. Brenda stated that she was able to secure an extension of the deadline to submit to GFOA for the budget award at the end of February. The auditor will also attend the March Board meeting to present the final audit. Brenda Manriquez also reported that she was able to submit the State Controller's Report and had all the numbers she needed from the audit to accomplish this. The draft audit has no issues and the District was given a clean opinion. Brenda Manriquez stated that we will need to go out to bid for auditor services either this year or next year. This will also be a topic for discussion at the next Finance and Investment Committee Meeting.



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E. County of Orange Board of Supervisors – Redistricting Discussion

GM Deutsch was happy to report that both Trustee Marroquin-Waldram and Trustee Cynthia Ward were appointed to serve new four-year terms. Their new terms will now expire on January 5, 2026. Supervisor Do put Trustee Marroquin-Waldram’s appointment on the agenda, with the support of Supervisor Foley. Chair Chaffee placed Trustee Ward’s appointment on the agenda.

GM Deutsch explained that with the results of the census, The County of Orange went through the redistricting process. As a result, there are changes in the map boundaries of each District, that potentially impact the Trustees on our Board. Trustee Maribel Marroquin-Waldram, who formerly reported to Supervisor Do for District 1, would now report to Supervisor Foley for District 2. Trustee Kelly Rivers who formerly reported to Supervisor Foley for District 2, would now report to Supervisor Do for District 1. Trustee Cynthia Ward, who formerly reported to Supervisor Chaffee for District 4, would now also report to Supervisor Foley for District 2. Trustee Noel Hatch will still report to Supervisor Bartlett for District 5. In the light of Chair Nelson’s passing, Supervisor Wagner of District 3 will need to appoint a new Trustee to assume Chair Nelson’s vacant seat.

In reviewing our records, District staff could find no legal requirement that Trustees must live in the District of the Trustee who appoints them. The only requirement staff could find is that a Board Member must be a registered voter and live within the boundaries of Orange County.

Trustee Marroquin-Waldram joined the meeting at 10:45 a.m.

GENERAL COUNSEL REPORT

Counsel Steve Quintanilla stated that with COVID there has only been a trickle of legislation coming through. The only thing that impacts cemetery districts is that people can now request copies of agendas be emailed to them. Counsel Quintanilla also mentioned that redistricting doesn’t impact any current terms and that redistricting occurs every ten years.

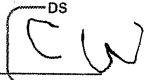
NEW BUSINESS


A. Election of Officers

GM Deutsch said that with the sad passing of Trustee William Nelson who was to serve as Chair for 2022, the Board needs to determine who will now fill the roles of Board Chair and Vice Chair. GM Deutsch said that typically the Trustee serving as Vice Chair moves into the role of Chair. Trustee Marroquin-Waldram asked if Trustee Rivers was willing to serve as Board Chair for 2022. Kelly replied that she would be willing.

For Vice Chair, Trustee Hatch stated that he believed Trustee Ward was next in line to serve as Vice Chair. Trustee Hatch asked Trustee Ward if she would be willing to serve in 2022 as Vice Chair. Trustee Ward stated that she would be willing.

MOTION of Trustee Hatch, seconded by Trustee Marroquin-Waldram, and carried by a vote of 4-0, elected Trustee Kelly Rivers to serve as Board Chair for 2022 and Trustee Cynthia Ward to serve as Vice Chair for 2022.


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B. Board of Trustees – Committee Discussion and Member Selection

GM Deutsch advised that the Board should also discuss committee membership and make any changes necessary. He reminded the Board that there are currently three standing committees including the Finance and Investment Committee, the Public Relations and Communications Committee, and the Personnel Committee. An Ad Hoc Committee also exists for the purposes of new cemetery development. The Finance and Investment Committee is currently a two-member committee that includes Trustees Hatch and Nelson. The Personnel Committee is also a two-member committee that includes Trustees Rivers and Marroquin-Waldram. The Communications and Public Relations Committee is a committee of the whole. The Ad Hoc Committee includes Trustee Hatch and Trustee Nelson.

Trustee Hatch asked if GM Deutsch had heard from Supervisor Wagner’s office about when a replacement for Trustee Nelson might be appointed. GM Deutsch said that he is planning to talk with Tara, Chief of Staff for Supervisor Wagner next month to discuss the situation. Counsel Quintanilla explained that Supervisors will sometimes solicit recommendations for appointees from the Board or the Board can indicate candidates who have expressed interest in wanting to serve on the Board. The Board may also suggest to the Supervisors certain types of backgrounds or skills that would be helpful for a new Trustee to possess.

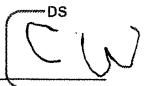
GM Deutsch cautioned that it would be problematic to wait for the County to appoint a new Trustee, as there are decisions that need to be made in a timely fashion concerning budget review, audit preparation, and other items.


Trustee Hatch stated that Trustee Nelson was so knowledgeable, the entire board relied on his expertise. Chair Rivers suggested that that Finance and Investment Committee should become a Committee of the Whole. Trustee Maribel Marroquin agreed.

Counsel Quintanilla reminded the Board that all Standing Committees are subject to the Brown Act. He stated that typically committees should be limited to making recommendations, and that would require that a quorum of at least three members be present for the committee meeting. He also stated that if the Committee did want to take action beyond a recommendation, there are some items such as expenditure of funds or passing of resolutions that would require three affirmative votes. Other issues could still pass with a 2-1 vote.

Trustee Ward stated that in the upcoming months, the Finance and Investment Committee will be discussing and making decisions about some of the biggest and most important issues to ever face the District. She stated that she also agrees that, particularly without Trustee Nelson, it will take all of the Trustees to study these issues and make the best decisions possible on behalf of the District. She would like to see the Finance and Investment Committee become a Committee of the Whole. She also stated that she is willing to commit to being present at these committee meetings to ensure a quorum is achieved.

Counsel Quintanilla also described the concept of “study sessions” which only require 24-hour notice. GM Deutsch said he did not want to blur the District’s responsibilities under the Brown Act and recommended that we keep discussions in the context of a Standing Committee to ensure proper compliance with the Brown Act.


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In regards to the Personnel Committee, GM Deutsch said that this will be meeting in the near future as labor negotiations begin this spring. The Board briefly discussed the Personnel Committee and felt that no changes needed to be made.

In addition, the Communications and Public Relations Committee is already a Committee of the Whole and the Board agreed that it should remain so.

GM Deutsch recommended dissolving the Ad Hoc Committee for New Cemetery Development, as it had not met in several years and when issues do arise with New Cemetery Development, it is typically addressed by the other Standing Committees and legal counsel.

MOTION of Trustee Marroquin-Waldram, seconded by Chair Kelly Rivers and carried by a vote of 4-0, approved changing the Finance and Investment Committee to a Committee of the Whole, and authorized that the Ad Hoc Committee for New Cemetery Development be dissolved.

ITEMS FOR FUTURE AGENDAS

Vice Chair Ward requested that a meeting of the Public Relations and Communications Committee be called to discuss how to rectify the misinformation that currently exists about the development of the Veterans and new fourth Public Cemetery at Gypsum Canyon.

Vice Chair Ward also stated that we would not be developing a fourth cemetery at Gypsum Canyon, had it not been for the tireless efforts and talent of Trustee William Nelson. She requested that an item be placed on a future agenda to discuss honoring Trustee William Nelson by perhaps naming the administration building at the new cemetery after him. GM Deutsch stated that he has already heard similar requests from others to honor Trustee Nelson in a manner like this.

BOARD COMMENTS

A. ISDOC Quarterly Meeting, January 27, 2022 at 11:30 a.m. (Virtual Meeting)

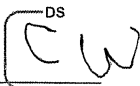
Chair Rivers and Trustee Marroquin-Waldram both attended. Chair Rivers reported that LAFCO gave a presentation and Mesa Water District was the featured Special District. Trustee Marroquin-Waldram stated that it was very nice that they closed the meeting in Trustee Nelson’s honor. Trustee Rivers also appreciated the time ISDOC took at the beginning of the meeting to honor Trustee Nelson and his years of service.


GM Deutsch stated that we will also be closing today’s meeting in Trustee Nelson’s honor. In addition, the Orange County Board of Supervisors and Assemblymember Choi both closed their meetings in honor of Trustee Nelson.

ANNOUNCEMENTS

A. CAPC Annual Conference, March 10-12, 2022 at Monterey Bay, CA

GM Deutsch, Trustee Marroquin-Waldram, and Chair Rivers will all attend the conference.

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Vice Chair


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At this time GM Deutsch read a beautiful tribute for Trustee Nelson that summarized his many years of public service, his dedication to this Board, and his many accomplishments in his professional career. Trustee Nelson was an invaluable asset to our District. His commitment, knowledge, keen business sense and financial acumen will be sorely missed.

The next regular meeting will be held on **Tuesday, March 1, 2022**, at 10:00 a.m., at the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

There being no further business, the meeting was adjourned at 11:35 a.m.

DocuSigned by:

GM Deutsch

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Vice Chair

Mary Jensen

Secretary

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CW

Vice Chair

MJ

Secretary