

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
January 8, 2019

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Cynthia Ward at 10:01 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 Vice Chair Hatch.
Roll Call by Board Secretary, Mary Funk.

PRESENT: Cynthia Ward, Chair Fourth District
Noel Hatch, Vice Chair Fifth District
Maribel Marroquin First District (Arrived at 10:03)
Kelly Rivers Second District
William E. Nelson Third District

STAFF: Tim Deutsch, General Manager
Dianna Torrence, Administrative Manager
Brenda Manriquez, Staff Accountant
Mary Funk, Board Secretary

ALSO ATTENDING: Steve Quintanilla, Law Offices of Quintanilla & Associates
Kinnaly Soukhaseum, Vavrinek, Trine, Day & Associates

PUBLIC COMMENTS - None

AWARDS AND COMMENDATIONS

Chair Ward presented Trustee Rivers with a plaque in recognition for completing her first term as Board Chair during 2018. GM Deutsch explained that each time a Trustee completes a term as Chair they receive a gavel to go on their plaque. GM Deutsch also noted that Trustee Nelson has reached his fifteen-year milestone serving as a Trustee and will be officially recognized at the February Board Meeting.

Trustee Marroquin arrived at 10:03 a.m.

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, December 4, 2018.
- B. Approval of January 2019 Check Registers (Claims) Nos. 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114 and 115.

MOTION of Vice Chair Hatch, seconded by Trustee Nelson and carried by a vote of 5-0, approved the Consent Calendar.


Chair


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Chair Ward requested that the Auditor’s presentation listed under Unfinished Business be conducted at this time.

UNFINISHED BUSINESS

Kinnaly Soukhaseum of Vavrinek, Trine, Day & Associates reported that the auditors have reviewed the financial statements for FY year ending June 30, 2018 and have issued an unmodified opinion, which is the highest rating that can be received. Ms. Soukhaseum pointed out Notes 2 and 8 which relate to the District’s adoption of Governmental Accounting Standards Board (GASB) Statement No. 75. She noted this was very similar to the adoption of GASB 68. She further explained that the OPEB liability is dependent on the Discount Rate and the Health Care Trend Rate and referred the Board to the charts included in Note 8 which describe the impacts if the rates go up or down by 1%.

Trustee Nelson asked for confirmation that the District’s total OPEB liability is \$481,000 as indicated on page 44 of the audit. Ms. Soukhaseum stated that this was correct. Trustee Nelson asked about the County of Orange Retiree Medical Trust, an Internal Revenue Code section 115 trust which was established to more adequately fund the benefits under the Plan. He asked if there was sufficient funds in the trust to offset the OPEB liability. Brenda Manriquez stated that she did not have exact figures for the 115 Trust because contributions become part of a larger pool, but she did confirm that the 115 Trust would not be sufficient to cover the OPEB liability. Trustee Nelson asked if staff could provide more information on the OPEB liability and its relationship to the 115 Trust at a future board meeting.

Vice Chair Hatch also asked for clarification stating that he thought the District was funded at 100%. Brenda Manriquez explained that for the pension through OCERS we are fully funded. The OPEB liability is for other post-employment benefits, not the pension.

In summary, Ms. Soukhaseum stated that the most significant change to this year’s audit was the adoption of GASB 75. In addition, since the District is submitting to GFOA for the CAFR (Comprehensive Annual Financial Report), the audit is expanded to include additional information and statistics to supplement the financial statements. During the course of the audit, they found no areas with need for improvement.

GM Deutsch stated that no action needed to be taken by the Board since they had already approved the audit at the December Board Meeting. The Board thanked Ms. Soukhaseum for the presentation and she left the meeting at this time.

GENERAL MANAGER REPORTS

Interments and Interment Space Sales Reports – November 2018

The following interment and interment space sales for November 2018 were reviewed:

| | | | <u>2018-2019</u> | <u>2017-2018</u> |
|---------|------------|-----------|------------------|------------------|
| ANAHEIM | Interments | 5 (2 Urn) | 28 (16 Urn) | 30 (20 Urn) |
| | Lot Sales | 1 | 13 | 14 |


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|-----------|------------|-------------|---------------|---------------|
| EL TORO | Interments | 57 (21 Urn) | 246 (93 Urn) | 236 (80 Urn) |
| | Lot Sales | 51 | 299 | 265 |
| SANTA ANA | Interments | 29 (1 Urn) | 146 (23 Urn) | 133 (16 Urn) |
| | Lot Sales | 22 | 112 | 121 |
| TOTAL | Interments | 91 (24 Urn) | 420 (132 Urn) | 399 (116 Urn) |
| | Lot Sales | 74 | 424 | 400 |

GM Deutsch noted that November was another busy month. El Toro Memorial Park had 51 space sales which is 34 more sales when compared to the previous year. Santa Ana sales are down slightly which is expected given the reduced inventory and the limitations on pre-need sales. Overall, the District has had 24 more space sales and conducted 21 more interment services when compared to the previous year at this time. GM Deutsch noted that since our founding the three cemeteries combined have done over 52,000 interments. El Toro Memorial Park had \$106,433 in revenue after expenses, which offsets expenses at Anaheim and Santa Ana Cemeteries.

Financial Reports – November 2018

Brenda Manriquez reported that the financials are doing quite well. The District received over \$700,000 in property tax which will appear in the December financial reports. Interest is also quite good with the Orange County Investment Pool increasing from 1.06% from November of 2017 to 1.72% in November of 2018. Similarly, CalTRUST increased from 1.59% in November of 2017 to 1.96% in November of 2018. She stated that when the capital projects are complete, they will look at any possible transfers. Trustee Nelson asked what the combined earned interest was for all the four funds combined. Brenda Manriquez stated that it was about \$301,000. Trustee Nelson said since we are about half-way through the year that would put the District at about \$700,000 in interest at the end of the year. Brenda Manriquez confirmed that the District does expect to earn around \$700,000 to \$750,000 in interest for the year.

Salaries and Employee Benefits were slightly higher than budgeted due primarily to overtime due to the demand for services and maintenance for storm damage. GM Deutsch noted that staff is monitoring overtime costs to determine how much overtime is used for maintenance as opposed to services which will help determine if current staffing levels are appropriate. Chair Ward asked if there was any significant damage from the weather. GM Deutsch replied that it wasn't too bad. There were a lot of limbs that came down and there were some cave-ins. There was some pooling of water at both entrances and staff had to clear the filters at the drains to allow the water to go down.

Any variances in Services and Supplies from FY 2017-18 to FY 2018-19 were due mostly to timing and necessity of purchases, including membership dues for CSDA and CAPC (Account 1600) and Small Tools & Instruments (Account 2300). El Toro Memorial Park received the new utility vehicle and Anaheim Cemetery received a new backhoe for equipment purchases.

On the Balance Sheet, Brenda Manriquez pointed out that \$407,000 has been used for the ongoing Capital Project with Horizons Construction bringing the Assigned Fund Balance down to \$913,857. The Unassigned Fund Balance is at about \$1.5 million, which is what the District wants to maintain to cover approximately 50% of operating expenses.


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December Investment Portfolio Changes

GM Deutsch reported that December was a busy month for investments, with bonds and CDs maturing. The District also transferred \$100,000 from the Endowment Principal Fund and purchased a Bank of America Corp Bond. In FundX for the Pre-Need Fund the AFLAC Corp Bond matured and a TBK Bank CD was purchased. Vice Chair Hatch asked what the average return was guessing that it was about 3.5%. GM Deutsch said that was about right. The District is still filling gaps in the five-year ladder and most five-year investments are yielding about 3.2% to 3.5%. The County is at 1.72% so it is in our best interest to use these outside investors.

Capital Projects Update

GM Deutsch reported that at El Toro Memorial Park, masonry work is proceeding. There has been a delay with the niche vendor. The original niche vendor selected by the contractor was unable to meet the City of Lake Forest’s requirements. We had reached out to Kirk Hendricks with Christy Vaults and he was willing to step in. Unfortunately, when he was right in the middle of the design process for our niches, he was diagnosed with Stage 4 cancer and he passed away this last Saturday. GM Deutsch said that Kirk had always participated in our organizations such as CAPC and he was well known and well liked by everyone. Chair Ward asked if the District is sending flowers. GM Deutsch said that, yes, he has asked to be informed about services and hopes to attend on behalf of the District or at least send a card and flowers.

At Santa Ana Cemetery, the new sewage holding tank has arrived and the extra sealing required has been completed. The contractor hopes to install it on Thursday with an inspection to follow. The sealing is an additional requirement by the County. The sewer tank is far less expensive than the alternative of running a sewer line all the way out to Santa Clara Avenue.

The Strategic Plan Dashboard

GM Deutsch said that the County of Orange approved the land transfer of 283.3 acres to the Orange County Cemetery District. He and Counsel Quintanilla are working on completing the land transfer documents. They want to clarify the language on how the land is to be shared for the use of both a veterans cemetery and a public cemetery. GM Deutsch confirmed that interments must begin to occur within ten years. That ten-year period will begin when the land transfer documents are finalized. Vice Chair Hatch asked if Counsel Quintanilla would be completely satisfied with the documentation. Counsel Quintanilla assured Vice Chair Hatch that he would be satisfied. Counsel Quintanilla wants to make it clear that the District has no financial obligation to fund the Veterans Cemetery.

Vice Chair Hatch asked if a lack of action on the part of the Veterans group could, in any way, impede our ability to develop our fourth public cemetery. GM Deutsch said that he did not think so. The first step is to get entitlements and to determine if we want to work with the County of Orange or with the City of Anaheim through the planning process. Chair Ward stated that the land is located in the City of Anaheim proper, and thought the District would be required to get approval from the City of Anaheim to change the existing plan for the Mountain Park property.

Trustee Nelson voiced some concern over why the Board of Supervisors are requiring the District to get approval from them on any plans for development of the site. GM Deutsch stated that land is an urgent issue for the District and we said we would be willing to cooperate with the


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County. Vice Chair Hatch agreed noting that beggars can't be choosers. Chair Ward said that the District needs to look at everything we can do to make sure this land is used for the best interest of the public.

Vice Chair Hatch asked if GM Deutsch has a ten-year plan for the development of the property, because ten years will go by really fast. GM Deutsch said that he intends to create a master plan for the development of the land to make sure it stays on track. Vice Chair Hatch also wanted to know if GM Deutsch would be personally handling the financing. GM Deutsch said that staff will look at all the financing options. Trustee Nelson asked GM Deutsch how much he thought the District would have to borrow. GM Deutsch answered that the approximately \$10 to \$12 million that the District currently has will only get us on to the property. He is also hoping to enter into a development agreement with the County. Vice Chair Hatch asked if the Supervisors are solid. GM Deutsch answered that, as far as we know, we have the full support of the Board of Supervisors. Chair Ward noted that with Supervisor Spitzer and Supervisor Nelson both leaving, the two new incoming Supervisors are really unknown to us as far as their positions are concerned.

In other areas of the Strategic Barometer, GM Deutsch noted that unaudited figures for November show that revenues exceed expenditures by \$403,439. However, this does not include capital project expenses.

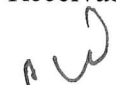
GM Deutsch also stated that the current MOU expires on June 30, 2019. Union staff met with other labor groups about representation for the next MOU period. The group that they are considering will not start until after June 30, 2019. GM Deutsch has reached out to legal counsel Oliver Yee for assistance in negotiating the next MOU. Mr. Yee has provided a proposal for his services and if staff selects a new union group, it may be in the Districts best interest to utilize the services of Oliver Yee. Vice Chair Hatch asked if the District has any knowledge of illegal immigrants who might be employed by the District. GM Deutsch said that our hiring process ensures this would not occur.

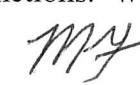
In fiscal year 2018-19 Anaheim Cemetery has hosted Dia de los Muertos and the Longest Night Homeless Service. Santa Ana Cemetery has participated in the Santa Ana Historical Preservation Society's annual historical cemetery tour. El Toro Memorial Park has held the Veterans Day program, The Angel of Hope Candlelight Service, and Wreaths Across America.

Financial Operational Changes (Oral Report)

GM Deutsch reported that staff has been investigating the possibility of moving out of the County of Orange for payroll processing, benefits administration, and AP/AR functions. While it would be less expensive for staff to outsource payroll processing to another company, the primary concern is health benefits. If we secure health benefits from another source such as SDRMA it would increase costs to the District by approximately \$37,000 and increase costs to employees by approximately \$8,000. Since benefit administration is linked to payroll deductions, if you move payroll from the county, you also have to move benefits. Staff does not recommend that we move these functions away from the County at this time.

However, it does make sense for staff to take on the District's Accounts Payable and Accounts Receivable functions. When the District hires a new Financial Manager, this person will play a


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key role is choosing new financial accounting software and setting up processes for AP and AR functions to be done in-house. GM Deutsch reiterated that staff always wants to improve efficiencies wherever possible.

NEW BUSINESS

Discussion on Allowances for Use of Electronic Devices

GM Deutsch explained that the cemetery managers each have personal cell phones that are used each day for District business with no compensation for any use of their personal devices. Also, Trustees use personal electronic devices in preparation for and during board meetings. Staff recommends that the Board approve an allowance of \$50.00 a month to each cemetery manager for the use of their personal cell phones; a one-time allowance of \$1,500.00 to the Trustees for the purchase of an iPad, plus a \$15 monthly allowance for cellular access.

Vice Chair Hatch stressed his preference to have a paper agenda and board reports and several Trustees agreed that they do like to have paper agendas available at Board Meetings. He would support these allowances as long as it was optional for Trustees. Trustee Rivers agreed that each Trustee should be able to choose if they wanted to go electronic. There was some discussion about the public records act and that if any District Business is conducted on a personal device, all the information on that device then becomes subject to public records requests.

Chair Nelson recommended that the Board approve a \$50.00 monthly allowance to Cemetery Managers for the use of their personal cell phones; a \$15.00 monthly allowance to Trustees for access to cellular service on their electronic devices; and a one-time allowance of \$1,500.00 to Trustees for the purchase of an iPad to be used for District business.

MOTION of Trustee Nelson, seconded by Trustee Rivers and carried by a vote of 5-0, approved the establishment of an electronic device policy that includes a \$50.00 monthly allowance to Cemetery Managers for the use of their personal cell phones; a \$15.00 monthly allowance to Trustees for access to cellular service on their electronic devices; and a one-time allowance of \$1,500.00 to the Trustees for the purchase of an iPad to be used for District business.

GM Deutsch said that he would put the policy together and present it to the Board at the February meeting. Counsel Quintanilla also mentioned that the Brown Act now requires a direct link on website home pages to agendas that are posted.

Approval of Job Specifications for Finance Manager Position

GM Deutsch stated that, in preparation for Dianna Torrence's retirement in March, and for internalizing accounts payable and accounts receivable functions, he has created a job description for a new Finance and Accounting Manager. To create this job description, he utilized many like positions in other government and city agencies throughout Orange County. Vice Chair Hatch asked where GM Deutsch saw this position coming in financially. GM Deutsch replied that this would be an exempt position with no overtime. The salary range of \$6,727 to \$8,827 was also developed based on like size of organizations and budgets. Like all the other positions in the District, it would have a 12 step salary range. GM Deutsch said that, ideally, he would like to have the position filled before Dianna Torrence retires so there can be a


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period of crossover training. Trustee Nelson thought it was a very thorough and complete job description.

MOTION of Vice Chair Hatch, seconded by Trustee Nelson and carried by a vote of 5-0, approved the Finance & Accounting Manager job specification and proposed salary range.

GM Deutsch noted that going forward it is his intent to bring items like this to the Personnel Committee before coming to the Board.

ITEMS FOR FUTURE AGENDAS

GM Deutsch summarized that he will be placing a presentation on OPEB and the 115 Trust, the Electronic Device Usage Policy, and the proposal for services by Oliver Yee for labor negotiations on a future agenda.

BOARD COMMENTS

Angel of Hope Candlelight Service, El Toro Memorial Park Dec. 6, 2018

Trustee Rivers stated that she attended this event along with Bud Bales, Mary Funk and Kim Eazell. It was a beautiful program despite a cold and rainy night.

Wreaths Across America, El Toro Memorial Park, Dec. 15, 2018

Trustee Rivers also attended this event along with Mary Funk and Kim Eazell. The American Heritage Girls did a wonderful job. This year as volunteers placed wreaths, they were given cards where they could write down the Veterans name and information where they placed a wreath so they could remember those veterans in prayer.

Longest Night Homeless Memorial Service, Anaheim Cemetery, Dec. 21, 2018

Chair Ward stated that the program was much bigger and better than last year. Approximately 75 people attended. Chair Ward said many people came up to her to thank her for the District's support of this event. It is the only way these people would get any kind of a memorial service. Trustee Rivers talked about a similar event that took place in Los Angeles and she was shocked to see how many cremains were abandoned. GM Deutsch said that with the development of a new cemetery he would like to see an area dedicated to public administrator cases or for remains that have been abandoned. Chair Ward said she liked that idea.

ISDOC Executive Committee Meeting, Fountain Valley, Jan. 8, 2018

Trustee Nelson attended. Chris Palmer a CSDA Field Coordinator gave the report on CSDA to the ISDOC Executive Committee. Chris Palmer is now serving only one CSDA network as additional staff are being utilized for the other networks he used to service. The CSDA Annual Conference will be held in Anaheim in 2019. Trustee Nelson also said that ISDOC will probably be contacting GM Deutsch about giving a presentation on the Cemetery District at a future ISDOC Quarterly Meeting.


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ANNOUNCEMENTS

The CSDA Board Meeting will be held on January 18, 2019 in Sacramento. Trustee Nelson will attend.

The ISDOC Quarterly Meeting will be held in Fountain Valley on January 31, 2019. Trustee Nelson, Trustee Marroquin, Trustee Rivers, and GM Deutsch will all attend.

The CSDA Member Services Committee Meeting will be held in Sacramento on Feb. 1, 2019. Trustee Nelson will attend.

The ISDOC Executive Committee Meeting will be held in Fountain Valley on Feb. 5, 2019. Trustee Nelson will attend.

The CAPC Annual Conference will be held in Monterey Bay on March 7-9, 2019. Trustee Rivers will attend. Mary Funk requested that the Trustees please confirm their attendance by the end of the week so registrations can be completed.

The next regular meeting will be held on **Tuesday, February 5, 2019**, at 10:00 a.m., at the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

At this time GM Deutsch requested that the Board adjourn to Closed Session.

CLOSED SESSION

Conference With General Legal Counsel Regarding Significant Exposure to Litigation Government Code Section 54956.9 (d): (One potential case)

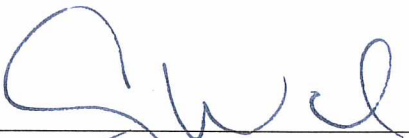
Facts & Circumstances: General Legal Counsel advises that the facts and circumstances that might result in litigation against the District are not yet known to a potential plaintiff or plaintiffs.

Conference with Legal Counsel – Potential Initiation of Litigation Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9: (One potential case)

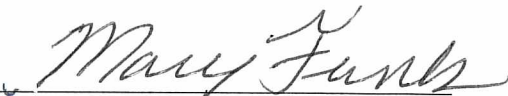
The Board adjourned to closed session at 11:46 a.m.

The Board reconvened from closed session at 12:06 p.m. Counsel Quintanilla, stated that no reportable action took place in closed session.

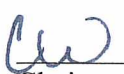
There being no further business, the meeting was adjourned at 12:06 p.m.




Chair



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