

ORANGE COUNTY CEMETERY DISTRICT  
Board of Trustees  
August 7, 2018

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Kelly Rivers at 10:03 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 Nelson.  
Roll Call by Board Secretary, Mary Funk.

PRESENT: Kelly Rivers, Chair                      Second District  
William E. Nelson                                  Third District  
Noel Hatch    Fifth District

ABSENT: Cynthia Ward, Vice Chair          Fourth District  
Maribel Marroquin                                First 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 & Co.  
Robert Williams, Commander, SCV, Camp 1770  
Rev. Lou Carlson

**PUBLIC COMMENTS**

Robert Williams, Commander of the Sons of the Confederate Veterans (SCV), Camp 1770 addressed the Board regarding the history of the SCV Monument at Santa Ana Cemetery and the cooperation that has existed over the years between the Sons of Confederate Veterans and the Sons of Union Veterans to identify the location of Civil War gravesites. Mr. Williams emphasized that the purpose of the monument was never meant to be a war memorial, but rather to honor Orange County residents who were former Confederate veterans who significantly contributed to the development of Orange County. In order to alleviate the Board's concerns that this monument honors Confederate Generals, SCV Camp 1770 is proposing that it rededicate the monument to pioneers and founders of Orange County. SCV Camp 1770 is currently working with Mark Heddy at Honor Life to produce a new slab of black granite that will cover over the names of the Confederate Generals and in its place, list the names of ten Orange County Founders who are also Confederate Veterans. Mr. Williams stated that these Confederate Veterans turned their swords into plowshares and became good citizens. He is currently having brochures printed with biographical information on these people and they hope to distribute it at the upcoming Civil War Days at Huntington Beach in September.

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Trustee Nelson commented that he has no problem with those revisions, but still thinks that the reference to the Confederate States of America (C.S.A.) is inappropriate and asked Mr. Williams to address that concern. Mr. Williams stated that he believes the reference to C.S.A. with the dates 1861 to 1865 is historically relevant stating that we can't deny this chapter of our nation's history.

Trustee Hatch asked Counsel Quintanilla if the board was allowed to ask for clarification during public comment on this issue in open session. Counsel Quintanilla stated that it was acceptable for the Trustees to ask for clarification during public comment. Trustee Hatch asked Mr. Williams if it was his intent to eliminate any mention of Union Veterans who were also instrumental in the development of Orange County. Trustee Hatch questioned why the monument could not honor both and recognize those veterans who contributed to the development of Orange County regardless of what side they were on. Rev. Lou Carlson stated that this was something they could consider, adding that the northern side of the monument itself is completely blank and could be used to honor Union Veterans from the Civil War.


Mr. Williams stated that the SCV is interested in cooperating as much as they can and explained to the Board that this monument was placed with the idea that it would be surrounded by graves from the members of their Camp. He would like to have the opportunity to present the idea of using the northern side of the monument to honor Union Veterans with members of SCV Camp 1770, as well as speaking to the Sons of Union Veterans.

GM Deutsch advised Mr. Williams and Rev. Carlson not to proceed any further with the current proposed revisions to the monument until the Board approves those changes. GM Deutsch said he would provide direction as soon as possible.

### **CONSENT CALENDAR**

- A. Approval of Minutes – Regular Board Meeting, July 3, 2018.
- B. Approval of August 2018 Check Registers (Claims) Nos. 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35.
- C. Acceptance of the District Quarterly Investment Report and Certification for June 30, 2018, pursuant to Government Code Section 53646(b)(1).
- D. Economic Uncertainty Fund for Unanticipated Expenses in the General Fund

**MOTION** of Trustee Nelson, seconded by Trustee Hatch and carried by a vote of 3-0 (Vice Chair Ward and Trustee Marroquin absent for the vote), approved the Consent Calendar.

  
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**GENERAL MANAGER REPORTS**

**Interments and Interment Space Sales Reports – June 2018**

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

			<u>2017-2018</u>	<u>2016-2017</u>
ANAHEIM	Interments	9 (4 Urn)	82 (42 Urn)	75 (32 Urn)
	Lot Sales	5	29	24
EL TORO	Interments	51 (18 Urn)	620 (220 Urn)	612 (235 Urn)
	Lot Sales	50	651	651
SANTA ANA	Interments	28 (7 Urn)	334 (54 Urn)	383 (60 Urn)
	Lot Sales	13	253	356
TOTAL	Interments	88 (29 Urn)	1,036 (316 Urn)	1,070 (327 Urn)
	Lot Sales	68	933	1,031

GM Deutsch reported that Anaheim’s sales and services both exceeded the prior year and their cremation rate rose from 42% in the prior year to 51% for the 2017-18 fiscal year. El Toro Memorial Park tied an all-time record with 651 space sales for both this year and the prior year. El Toro also had the highest number of interments with 620 services. El Toro exceeded its expenses by roughly \$1 million, which covers the shortages from the other two cemeteries. Santa Ana’s space sales, as expected, were the lowest since 2009-10, due to the limited inventory and the policy of selling spaces only to at-need families. Trustee Hatch asked if there are any reports available to GM Deutsch that help him determine how the District is doing compared to other cemeteries. GM Deutsch explained that there are some comparisons available but they don’t really apply to the District, since our statistics are almost exactly reversed from the industry cremation rate. This is due to the affordability that the District can offer for traditional full casket interment. Overall, the District completed 1,036 interment services and sold 933 spaces during the 2017-18 fiscal year.


GM Deutsch noted that on the FY 2017-18 Summary of the Income Statement for Fund 754, it reports that the District only needed to rely on \$443,507 from property taxes to offset operating expenses. The remainder could be used for land acquisition and future cemetery development.

Trustee Hatch asked if water is a problem for us. GM Deutsch answered that El Toro is on Irvine Ranch water and uses reclaimed water for all of its irrigation. Santa Ana and Anaheim Cemetery have wells that tap water from the aquifer.

GM Deutsch noted that there are also graphs representing the historical activity for sales and services since the District’s formation in 1986.

**Financial Reports – June 2018**

The Board reviewed the Financial Reports for June 2018. Brenda Manriquez stated that the numbers are unaudited and the 2017-18 fiscal year turned out very well. Trustee Nelson initiated a discussion on how the Economic Uncertainty Fund is reported in the Budget to Actual Financial Statements. He does not think budgets should be amended to always make it look like

  
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you are in budget. There are going to be times when you have to go over budget. At those times we would show the justification to use the Economic Uncertainty Fund. GM Deutsch said he would consult with the auditors about the best way to report this. Brenda Manriquez agreed that it is a part of the auditor's job to make sure the District is doing things with the best practices.

In Expenses, the Utilities Account, Budget to Actual was over due to increases in the OC Water District Replenishment Assessment rates and electricity charges in 2017-18. Buildings and Improvements includes the first two progress payments to Horizons Construction.

The Balance Sheet was normal.

At this time Kinnaly Soukhaseum of Vavrinek, Trine, Day & Co. arrived to present a presentation on the audit process and to discuss required communication with the Board of Trustees. Chair Rivers requested that New Business, Item A be moved to this time.

## **NEW BUSINESS**

### **Independent Auditor Presentation**


During the presentation Kinnaly Soukhaseum explained the audit schedule, stating that the planning and interim fieldwork was conducted during the week of July 23, 2018. They will be out again the week of October 22<sup>nd</sup> for final fieldwork and will deliver the final audit before the Comprehensive Annual Financial Report (CAFR) deadline of December 31, 2018. GM Deutsch mentioned that we will be the first cemetery district to submit for the CAFR award. Brenda Manriquez noted that the CAFR requires an additional introductory section and a new statistical section. Kinnaly Soukhaseum then went into an explanation of the responsibilities of the auditing firm and their approach in conducting audits. Trustee Hatch asked if there was anything the auditors had seen so far that would prevent the District from receiving the CAFR award. Ms. Soukhaseum said she was confident that there would be no concerns in submitting for the award and they had not identified any exceptions in the interim phase. Since Vice Chair Ward and Trustee Marroquin were absent for the presentation GM Deutsch said that the required communication to those Board Members could be emailed to them. Ms. Soukhaseum also informed the Board that her contact information was included in the handouts they had received and they could contact her at any time if they had additional questions or concerns. Kinnaly Soukhaseum left the meeting at 11:15 a.m.

At this time, Chair Rivers requested that the Board return to the General Manager's Reports.

## **GENERAL MANAGER'S REPORTS**

### **Interest Rates – June 2018**

GM Deutsch reported that there were very few changes in the interest rates for the period. All funds rose slightly with the exception of UBS which dropped because an investment matured and the District chose to replace it with a new investment to fill a gap in our ladder and it had a lower yield than the one that had just matured.

  
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**July Investment Portfolio Changes**

GM Deutsch reported that July was a very active month with investments being redeemed and purchased in the Endowment Income Fund, the Endowment Principal Fund, and the Pre-Need Fund. GM Deutsch did note that the District purchased its first U.S. Treasury Bill through FundX.

**Capital Projects Update**

GM Deutsch stated that some impressive work has been completed at El Toro Memorial for the retaining wall for the new niche feature and briefly described the construction process involved. The contractor is currently waiting on parts for the construction of the wall system and is now working on starting the new public restroom. At the Anaheim Cemetery, they are waterproofing the exterior walls. The Anaheim restroom remodel should be almost completed by the end of August.

**The Strategic Plan Dashboard**

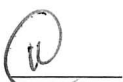
GM Deutsch said that discussion on the Strategic Plan Dashboard would be brief since most of the discussion would be in Closed Session. He reported that over 300 new spaces are now available at Santa Ana Cemetery with the completion of the two road closures. These spaces will appear on the Monthly Activity Report next month when the July numbers are calculated. He also stated that total annual District revenues exceeded total annual District expenditures through June 30, 2018. Those are unaudited figures from staff. GM Deutsch stated that he is hoping to schedule a planning meeting in August for the upcoming Dia de los Muertos program in November. Trustee Nelson asked if we need to update the Strategic Plan since it ends in 2019. GM Deutsch and the Board agreed that only an update of the existing plan should be considered. GM Deutsch would like to revisit this task in September or October.

**CSDA Annual Conference Update**

GM Deutsch also mentioned that the District has been selected by CSDA to receive an award for exceptional public outreach and will be presented with this distinction at the Annual Conference in September. The award is for the 150<sup>th</sup> Candlelight Historical Tour, the Fall Festival Parade, and the Dia de los Muertos programs all at Anaheim Cemetery and for the El Toro Memorial Park Historical Tour. CSDA will be coming out to Anaheim Cemetery on Tuesday, August 14<sup>th</sup> to film video of the grounds and interviews with Trustees and staff that will be presented to the Association in September. Counsel Quintanilla and GM Deutsch also informed the Board that Counsel Quintanilla will be hosting a client dinner at the CSDA event on Monday, September 24<sup>th</sup> and invited everyone to attend who would be at the conference.

**UNFINISHED BUSINESS - None****Alternatives Regarding Processing Trustee Compensation and Expense Reimbursements**

Trustee Nelson expressed some disappointment with the memo from Counsel Quintanilla that recommended that the District seek an independent opinion from a tax expert regarding whether Trustees must be treated as employees or independent contractors for tax purposes. Trustee Nelson passed out documents from research he had conducted to those in attendance at the Board meeting. The documents cited examples showing that appointed officials could be classified correctly as independent contractors for IRS purposes. Trustee Nelson stated that the Board Members for the Orange County Cemetery District should be classified as independent

  
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contractors and he would like District staff to process Trustee payments and annually issue the required 1099 forms without assistance from the County. GM Deutsch said that Brenda Manriquez has already started to take steps to determine what staff needs to do to correctly and legally process Trustee payments.

**MOTION** of Trustee Hatch, seconded by Trustee Nelson and carried by a vote of 3-0 (Vice Chair Ward and Trustee Marroquin absent for the vote), approved classifying members of the Board of Trustees as independent contractors for tax purposes and authorized the General Manager to instruct staff to process Trustee payments and issue annual 1099 forms as required by the Internal Revenue Service.

Trustee Hatch thanked Trustee Nelson for taking the time to thoroughly study the issue.

GM Deutsch announced that Administrative Manager, Dianna Torrence will be retiring in March 2019.

**NEW BUSINESS**

**General Manager Employment Agreement**

Counsel Quintanilla recommended that in light of the salary adjustments that took place in July, with the terms and conditions of Mr. Deutsch’s employment remaining the same, the Board of Trustees should approve a new Employment Agreement that memorializes in writing, Mr. Deutsch’s new salary adjustment and the current terms and conditions of his employment as General Manager.

Counsel Quintanilla stated that the following information must be reported orally at the Board Meeting:

Annual Salary: \$146,151.20

Monthly Car Allowance: \$450.00

Annual Vacation: 9.51 Hours / 32 Days

Holidays: Annual Maximum = 12 Days


Retirement: 2% @age 55 with Employee paying 100% of Employee’s Contribution – District will pay 100% of the Employer Contribution.

Insurance: District pays 100% of the health, dental and vision insurance for the Employee and eligible dependents and shall pay 100% of the Employee’s life, disability and workers compensation insurance, as well as the Employer’s contribution to the Retiree Medical Reimbursement Plan.

**MOTION** of Trustee Hatch, seconded by Trustee Nelson and carried by a vote of 3-0 (Vice Chair Ward and Trustee Marroquin absent for the vote), approved the attached proposed General Manager Employment Agreement.

**Equipment Purchase Approval**

GM Deutsch explained that the 2018-19 approved budget includes provisions for the purchase of equipment. Staff has included purchase orders for the board to review for a backhoe for Anaheim Cemetery, and a mower, gator utility vehicle, and a tractor for El Toro Memorial Park.

  
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**MOTION** of Trustee Hatch, seconded by Trustee Nelson and carried by a vote of 3-0 (Vice Chair Ward and Trustee Marroquin absent for the vote), approved the purchase of the following equipment:

1. Toro Groundmaster 3280D Mower in the amount of \$32,741.70 to TurfStar;
2. New Holland Backhoe B95C in the amount of \$76,601.03 to Scott Equipment;
3. New Holland Boomer Tractor in the amount of \$30,235.96 to Scott Equipment;
4. John Deere ProGator in the amount of \$25,669.84 to Deere & Company.

**California Association of Public Cemeteries (CAPC) – Board of Directors Candidates**

GM Deutsch explained that CAPC is seeking applications from interested candidates wanting to serve on the association’s Board of Directors. He said if there were any Trustees interested in running, the Board must take action to support the Trustee’s desire to submit an application for the Board of Directors Election. Chair Rivers is currently serving on the Board of Trustees. No other Board members expressed an interest in serving on the CAPC Board at this time.

**ITEMS FOR FUTURE AGENDAS**

Nothing was noted.

**BOARD COMMENTS**

**Special District Leadership Academy, Napa, July 8-11, 2018**

Since Trustee Marroquin was absent for the Board Meeting GM Deutsch requested that this be placed on the September Board Meeting Agenda so Trustee Marroquin can report at that time.

**ISDOC Executive Committee Meeting, Fountain Valley, July 10, 2018**

Trustee Nelson stated that he reported on the CSDA Annual Conference coming up in September and he discussed the CSDA Board elections.


**ISDOC Executive Committee Meeting, Fountain Valley, August 7, 2018**

Trustee Nelson stated that at this morning’s meeting they discussed a new CalTRUST Fund and talked about the returns that are typically higher than what the Orange County Investment Pool yields. Trustee Nelson said they also discussed LAFCO Improvements and the new policies they are putting forth that will primarily effect water and sewer districts. Carol Emery and Doug Davert were both in attendance at the meeting.

**ANNOUNCEMENTS**

The CSDA Fiscal Committee Meeting will be held in Sacramento on August 15, 2018. Trustee Nelson will attend.

The CSDA Board Meeting will be held in Sacramento on August 31, 2018. Trustee Nelson will attend.

  
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The CSDA Annual Conference will be held in Indian Wells from September 24 – 27, 2018. Trustee Nelson, Chair Rivers, and GM Deutsch will attend.

The CAPC Annual Education Seminar and Area Meeting will be held in South Lake Tahoe from Oct. 5-6, 2018. Kelly Rivers will attend.

**CLOSED SESSION**

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

Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8  
Property: Assessor Parcel No. 514-012-08 and 085-071-57  
Agency Negotiator: Steve Quintanilla, General Counsel and Tim Deutsch, General Manager  
Negotiating Parties: Orange County Cemetery District and County of Orange  
Under Negotiation: Instructions to District’s Negotiator regarding price and terms of payment

The Board adjourned to closed session at 12:09 p.m.

The Board reconvened from closed session at 12:49 p.m. Steve Quintanilla of Law Offices of Quintanilla and Associates stated that no reportable action took place in closed session.

The next regular meeting will be held on **Tuesday, September 4, 2018**, 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 12:50 p.m.

  
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