

**ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
July 5, 2022**

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order via video conference by 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 Chair Kelly Rivers.
Roll Call by Board Secretary, Mary Funk.

PRESENT:	Kelly Rivers, Chair	Second District
	Cynthia Ward, Vice Chair	Fourth District
	Maribel Marroquin-Waldram	First District
	Vladimir A. Anderson	Third 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
 Oliver Yee, Legal Counsel – Liebert, Cassidy, Whitmore
 Lance Holman, Holman Capital Corporation

PUBLIC COMMENTS - None

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, June 7, 2022.
- B. Approval of the July 2022 Check Registers (Claims) Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16.

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

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – May 2022

The following interment and interment space sales for May 2022 were reviewed:

			<u>2021-2022</u>	<u>2020-2021</u>
ANAHEIM	Interments	7 (5 Urn)	88 (67 Urn)	115 (78 Urn)
	Lot Sales	5	53	61


 Chair


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EL TORO	Interments	76 (20 Urn)	867 (270 Urn)	896 (276 Urn)
	Lot Sales	106	1,359	1,174
SANTA ANA	Interments	17 (9 Urn)	215 (95 Urn)	287 (105 Urn)
	Lot Sales	1	58	116
TOTAL	Interments	100 (34 Urn)	1,170 (432 Urn)	1,298 (459 Urn)
	Lot Sales	112	1,470	1,351

GM Deutsch reported that activity for Anaheim Cemetery was status quo with 5 cremation spaces sold in May and seven interments occurring for the month.

El Toro Memorial Park continues to carry the District and is on pace to set record numbers for spaces sold. In May El Toro sold 106 interment spaces of which 86 were full casket spaces, 16 were niches and 4 were for in-ground cremation spaces. El Toro is ahead of last year’s numbers by 185 space sales. In terms of availability, El Toro has approximately 1,920 casket spaces remaining and 417 niches. For Interment Services, El Toro Memorial Park conducted 76 interments of which 56 were casket placements, 6 niches, 1 rose garden interment, and 13 in-ground cremation placements. When compared to the previous year-to-date figures, El Toro has conducted 29 fewer services this year.

Santa Ana Cemetery reported one full casket space sale in May with a property that had previously been placed on hold. Santa Ana conducted 17 interment services in May which is about typical for this cemetery.

District-wide 112 interment spaces were sold in May and year-to-date we are ahead of last year’s pace by 119 space sales. Overall, for interment services the District has conducted 1,170 interments this fiscal year, which is 128 less than the prior year.

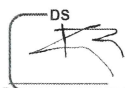
B. Financial Reports – May 2022

Brenda Manriquez reported that revenues are in great shape. Interment space sales revenue far exceed budget expectations by more than \$900,000. Interest, as expected, is still low. However, we are slowly starting to see rates trend up, especially in CalTRUST.

Brenda Manriquez stated that expenses are over the projected budget for the 1400 Account due to cost increases in security services, waste management and pest control. She also reported that the 1900 Account for Professional Services is over budget due to the contract with HB Actuarial Services for the Endowment Study and increased usage of credit card transactions that create more merchant fees.

For equipment Brenda Manriquez said that there were no payments in May but does expect to have a payment come through in June.

The Economic Uncertainty has a budget of \$220,000. After the fiscal year closes, the Board will discuss at the August Meeting what the District will need to use from those funds.


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The 4200 Account for Buildings and Improvements includes all payments and retainage for the improvement projects at all three cemeteries, as well as new benches and cement trash cans.

Brenda Manriquez stated that on the Balance Sheet, the 2.5 million has been moved as committed for the new cemetery development and now has a total of \$15,155,000.

Vice Chair Ward wanted to know if we pass the credit card merchant fees on to families or if the District just absorbs those costs. GM Deutsch answered that the District does absorb those costs. Brenda Manriquez clarified stating that the increase in merchant fees is not due to an increase in our rate, but rather an increase in the level of activity. More people are choosing to pay by credit card as opposed to checks. This is a convenience for families and for the District as there is also a labor cost in the time it takes staff to process and deposit physical paper checks.

C. Investment Portfolio Changes – June 2022

GM Deutsch stated that we had several investments mature and one was called early. The District is also considering liquidating investments and transferring those funds over for cemetery development. With the Endowment Principal Fund, GM Deutsch said that he is waiting on purchasing new investments until the County completes its transfer to Stifel of about \$1.9 million. The Trustees should see that next month. The remainder of the report shows the investments coming due in the next six months. CalTrust is now earning about twice as much as the OCIP. Trustee Hatch commented that 1 to 2 year CD rates are going up. GM Deutsch said that he had also noticed that trend. GM Deutsch stated that the District just needs to make sure we don't exceed the FDIC limit.

D. Capital Projects Update

GM Deutsch reported that at the June 28th County of Orange Board of Supervisors Meeting, they approved the District's business plan as submitted and also approved the flagpole installation reimbursement agreement. Supervisor Wagner has also allocated one million dollars to fund interment space costs for the two reserved sections in the Gypsum Canyon public cemetery development for First Responders and Allied Veterans. The funds will be split evenly between the two groups. Brenda Manriquez will need to establish pre-need funds for these monies. GM Deutsch stated that the District is close to completing all payments for the 2021-22 fiscal year, with some being carried in to 2022-23.

E. Biennial Review – Conflict of Interest Code

GM Deutsch reported that every two years the District is required to review its Conflict of Interest Code and make any amendments that may be needed. Typically changes to the code need to be made when positions are deleted or added or when disclosure categories need to be changed. During this review it was determined that no changes were needed and the Clerk of the Board has approved the District's 2022 Biennial Review.

GENERAL COUNSEL REPORT

Legal Counsel Steve Quintanilla said that the Conflict of Interest Code is meant to address any potential financial conflicts of interest. He also explained that the District is obligated to collect an Endowment Care Fee that goes into a principal fund. The District can use the income for maintenance to the District will always have funds to maintain the cemeteries. In terms of fees the District charges, Counsel Quintanilla explained that for interment services, the District can


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charge the costs the District incurs to provide the service. The District can however, charge fair market value for products and plots we sell. In the special sections of the new cemetery being designated for First Responders and Allied Veterans, there are no special privileges for those being interred and must comply with the same rules and regulations as all other families using the cemetery. Counsel Quintanilla also stated that in the past the Board passed an ordinance that regulates the rules that visitors must abide by when visiting the park. This ordinance gives the District the ability to call police and prosecute those who do not abide by the ordinance. Visitors who have a dispute with other visitors while on the grounds should call the police if they need assistance, as that is considered a private matter between the parties involved. GM Deutsch noted that we do allow visitors to have dogs in the cemeteries, but they must be on leashes and owners must clean up after them. GM Deutsch also clarified that there is a minimum amount we must charge for Endowment Care Fees. Eligible Non-Residents must pay a fee equivalent to 15% of the cost of the interment space.

At 10:32 a.m. the Board adjourned to Closed Session.

CLOSED SESSION

- A. Conference with Labor Negotiators pursuant to Government Code Section 54957.6(a):
District designated representative: Chief Negotiator Oliver Yee, General Counsel Steven B. Quintanilla.
Employee Organization: Groundskeeping Unit (Service Employees International Union Local 721 CTW-CLC).
- B. Conference with Labor Negotiations pursuant to Government Code Section 54957.6(a):
District designated representative: GM Tim Deutsch,
Non-Represented Employees (Finance and Accounting Manager, Accounting Technician, Administrative Manager, Cemetery Managers, District Secretary, Cemetery Assistants, Cemetery Secretary, Irrigation Specialist and District Equipment Mechanic).

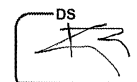
The Board reconvened from Closed Session at 10:50 a.m. Counsel Quintanilla stated that no reportable action took place.

NEW BUSINESS

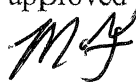
A. Debt Management Policy

GM Deutsch explained that, before the District issues any debt, the Board will need to approve a Debt Management Policy. GM Deutsch explained that Finance and Accounting Manager, Brenda Manriquez created this policy based off of guidance issued by the California Debt and Investment Advisory Commission, the California Special District Association, and the Government Finance Officers Association. There was some discussion initiated by Trustee Hatch regarding the General Debt Guidelines section. Vice Chair Ward asked if legal counsel had reviewed the policy. GM Deutsch said that he had. Vice Chair Ward thanked Brenda Manriquez for her efforts in creating the policy.

MOTION of Trustee Hatch, seconded by Vice Chair Ward, and carried by a vote of 5-0, approved the Debt Management Policy.



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B. Memorandum of Understanding – Groundskeeping Unit

GM Deutsch stated that SEIU provided a tentative agreement and the Union members ratified the agreement. With the exception of the Board taking action to formally approve the Memorandum of Understanding, negotiations with the Union are now complete.

MOTION of Trustee Hatch, seconded by Vice Chair Ward, and carried by a vote of 5-0, approved the Memorandum of Understanding with Service Employees International Union Local 721 CTW-CLC effective July 1, 2022 through June 30, 2025.

C. Non-Represented Employees Compensation and Benefits (Finance and Accounting Manager, Administrative Manager, Cemetery Managers, Accounting Technician, Secretaries, Cemetery Assistants, Irrigation Specialist and District Equipment Mechanic)

GM Deutsch explained that the District has 11 full-time and 2 part-time employees that are considered Non-Represented since they are either exempt management employees or are not represented by a union. In the past, Non-Represented employees typically receive the same compensation and benefits changes that the Union employees receive through negotiations. GM Deutsch recommended that the Board take the same course of action with this newly approved MOU. These compensation and benefits would be effective July 1, 2022.

MOTION of Trustee Hatch, seconded by Chair Rivers, and carried by a vote of 5-0, approved for Non-Represented employees, the same compensation adjustments offered to the represented employees with merit adjustments effective July 1, 2022.

COMMITTEE REPORTS – Finance and Investment Committee Meeting, June 30, 2022

A. New Cemetery Development Financing Proposal – Holman Capital Group

GM Deutsch stated that Lance Holman, President and CEO of Holman Capital Group gave a thorough presentation at the Finance and Investment Committee Meeting on June 30th regarding the proposal for Lease-Purchase Financing for the construction of a new public cemetery. During the proposal, Mr. Holman reviewed the amount of capital needed to fund the District’s portion of the new cemetery development. He discussed debt options and how the funding mechanism would work and how payments from escrow are made to contractors. GM Deutsch said the goal is to execute the forms within the next week or so in order to solidify the District’s rate. GM Deutsch stated that Mr. Holman is also on the Zoom meeting today to answer any additional questions the Board may have.

Trustee Hatch said that he did not have any questions, but wanted to note that if this proposal is approved, it is a huge, momentous occasion in the history of the Orange County Cemetery District. He mentioned that a few years ago, it was Todd Spitzer who championed the effort and helped to secure this property when many on the Board despaired about ever finding suitable land within Orange County. Since then, Supervisor Wagner has taken on the role of champion. Trustee Hatch stated that there will surely be obstacles ahead that the District will have to face, but with the financing in place, we can move forward in unity. Trustee Hatch thanked GM


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Deutsch for his diligence, thoroughness, and optimism throughout this endeavor. It is truly the resurrection of a project that not too long ago seemed dead. Trustee Hatch stated that it behooves all of us to prayerfully and gratefully move forward.

Vice Chair Ward also wanted to thank staff and everyone who has worked on this project. She became a Trustee in 2010 and have seen so many opportunities come and go that at times she didn't believe it would ever be possible. She commented that this is the biggest achievement she will likely do on this Board.

Trustee Anderson agreed stating that as a young Marine at El Toro, he thought that was a done deal and did not know the complexity of the issues surrounding this development. Trustee Anderson said that he is very happy to take this step forward and owes the progress to Tim's leadership.

GM Deutsch reminded the Board that this is just one step forward and there is much more still to do. Legislation is currently moving forward that will allow CalVet to officially study the Gypsum Canyon site. That will be a huge step forward. GM Deutsch said he appreciates this opportunity and we will try to keep working collectively as a County for these deserving Veterans.

MOTION of Trustee Hatch, seconded by Vice Chair Ward, and carried by a vote of 5-0, adopted Orange County Cemetery District Resolution No. 2022-08, approving the cemetery development financing and authorized the General Manager to work with General Counsel and Holman Capital Corporation on the preparation of the legal and financial documents needed to execute this transaction.

GM Deutsch said that they will work on executing the applicable documents and looks forward to working with Mr. Holman. Mr. Holman thanked the Board and staff stating that this is a great solution for the District and the County. Chair Rivers stated that she is thinking of all the past Board Members and knows they would be so pleased.

ITEMS FOR FUTURE AGENDAS

In regards to Vice Chair Ward's request for a report on how the drought may impact our cemeteries and the new development, GM Deutsch said that he has received no notice of restrictions from any of the water agencies. This may be because we are considered a water producer with our wells at Anaheim and Santa Ana and also use reclaimed water to irrigate at El Toro Memorial Park. He is hoping to have a report available on the next agenda in August.

BOARD COMMENTS

Chair Ward reminded all the Trustees to please provide her with their input forms for GM Deutsch's evaluation no later than July 15th.

ANNOUNCEMENTS

A. ISDOC Quarterly Meeting, July 28, 2022 at 11:30 a.m.


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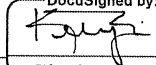
GM Deutsch noted that this will be an in-person gathering and not a Zoom meeting. Chair Rivers stated that she would like to attend.

B. CSDA Annual Conference, August 22-25, 2022 in Palm Desert
Chair Kelly Rivers is registered to attend.


Chair Rivers asked if she could get an update on Irrigation Specialist Martin Galvez who was injured on June 3rd. GM Deutsch said he could provide that after the meeting was adjourned.

The next regular meeting will be held on **Tuesday, August 2, 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 11:10 a.m.

DocuSigned by:

Chair
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Secretary


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