

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
January 7, 2020

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Hatch at 10:07 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 Hatch.
Roll Call by Board Secretary, Mary Funk.

PRESENT:	Noel Hatch, Chair	Fifth District
	Maribel Marroquin, Vice Chair	First District
	William E. Nelson	Third District
	Cynthia Ward	Fourth District

ABSENT:	Kelly Rivers	Second District
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STAFF:	Tim Deutsch, General Manager
	Brenda Manriquez, Finance and Accounting Manager
	Mary Funk, Board Secretary

ALSO PRESENT:	Kinnaly Soukhaseum of Eide Bailly, LLP
	Steve Quintanilla, General Counsel (Via Phone Call)
	Ron Bengochea, U.S. Army Veteran

PUBLIC COMMENTS

U.S. Army Veteran, Mr. Ron Bengochea addressed the board to express his appreciation for all that the District is doing to ensure that a veterans cemetery is developed in Orange County. He expressed a degree of frustration and resignation with the inability of local politicians to move forward on a site in Irvine and is concerned that if it comes down to a vote among Irvine residents, an Orange County Veterans Cemetery will never be built. He believes that the best chance Veterans have at actually establishing a veterans cemetery in Orange County is at the District's Gypsum Canyon site. Chair Hatch thanked Mr. Bengochea for his attendance and promised that the District would do everything possible to ensure that veterans have a place in Orange County.

AWARDS

GM Deutsch and Chair Noel Hatch presented outgoing Chair Cynthia Ward with a plaque honoring her as the Board Chair for 2019. The Board thanked her for her year of service. This is the second time Trustee Ward has served as the Board Chair. GM Deutsch also presented staff member Mary Funk with a plaque commemorating her five years of employment with the District and the Board thanked her for her service.



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CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, December 3, 2019.
- B. Approval of January 2020 Check Registers (Claims) Nos. 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114 and 115.

MOTION: of Trustee Nelson, seconded by Vice Chair Marroquin and carried by a vote of 4-0 (Trustee Rivers absent for the vote), approved the Consent Calendar.

GM Deutsch recommended that New Business be moved to this time.

NEW BUSINESS

FY 2018-19 Independent Auditor’s Report Update

Kinnaly Soukhaseum of Eide Bailly, LLP was in attendance to present and discuss the financial statements and audit report for fiscal year ending June 30, 2019.

Ms. Soukhaseum stated that Eide Bailly is issuing a clean, unmodified report which represents the highest levels of assurance in regards to the District’s financial statements. She stated that the recent GASB announcements had no impact on the District’s financial statements.

Ms. Soukhaseum pointed out a sensitivity analysis in the audit relating to the District’s Net Pension liability if there is a 1% increase or decrease in the assumed discount rate of 7.00%. Brenda Manriquez stated that currently we have a small UAAL (unfunded actuarial accrued liability). Chair Hatch asked what the funding level is for the District’s pension. Brenda Manriquez answered that we are over 90% funded. At one point the District was actually overfunded. Trustee Nelson said 90% is about ideal. Ms. Soukhaseum explained that Trustees should not be confused by the trend analysis as shown on page 50 of the audit, which indicates figures below these levels. That is because this schedule is based on GASB 68 and shows what the District’s liability would be if everything was due immediately.

Note 8 on page 46 of the audit regarding OPEB (Other Postemployment Benefits) liability was also discussed. Trustee Nelson stated that he would like to have GM Deutsch arrange a presentation for the Board to gain a greater understanding about OPEB. GM Deutsch said he would check with the County benefits department and the Auditor/Controller’s office to see who might be best to provide such a presentation.

Ms. Soukhaseum continued by stating the auditors found no corrections or disagreements, no compliance related findings and no instances of non-compliance. She was also pleased to point out the Certificate of Achievement for Excellence in Financial Reporting that the District received for the first time for fiscal year ending 2018.

Trustee Nelson stated, that while he appreciated Ms. Soukhaseum’s technical report on the audit, he would also appreciate a presentation more on a layman’s level that shows how the District’s

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overall financial position and its assets have changed over time. Chair Hatch agreed stating that he liked the data presented in the audit that showed a ten-year look.

Brenda Manriquez stated that the auditors were very thorough in their examination and asked a lot of questions.

MOTION: of Trustee Nelson, seconded by Trustee Ward and carried by a vote of 4-0 (Trustee Rivers absent for the vote), accepted the Independent Auditor’s Report and Financial Statements for fiscal year ending June 30, 2019.

Trustee Ward requested that the General Manager’s update on New Cemetery Development be discussed at this time since Trustee Ward needed to leave the meeting at 11:00 a.m.

GENERAL MANAGER REPORTS

New Cemetery Development Site Assessment Update

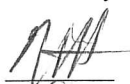
Counsel Steve Quintanilla called in to participate in this discussion with the Board. GM Deutsch stated that Trustee Nelson had requested a discussion on the District’s approach to acquiring the needed zoning change with the City of Anaheim and discussions with the Board on funding options.

GM Deutsch explained that the current zoning on the Gypsum Canyon site is still in line with the large Mountain Park residential development that had been planned at one point. The zoning the District would require for cemetery development would have far less of an impact on the community than the current zoning. There is no logical reason for the City of Anaheim to have any opposition to our request for the needed zoning change. However, Trustee Nelson had heard that there was some opposition to the establishment of a cemetery unless the veterans component is assured. There was some discussion by the Board as to why the Anaheim City Council would oppose a zoning change for a less aggressive development and if it was even legal for them to do so. Trustee Ward said that securing the zoning change should be our top priority, since funding is not possible without the proper zoning. At this point, the question is not whether the interments are for veterans or for the general public, but rather is the parcel appropriate for general cemetery use. Counsel Quintanilla agreed, stating that asking for a less invasive zoning designation works in the District’s favor.

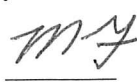
The Board also discussed the need for a Conditional Use Permit. Counsel Quintanilla stated that from a financing perspective, it would be great to have an approved Conditional Use Permit from the City of Anaheim, as it basically acts as collateral.

Counsel Quintanilla also confirmed that in our agreement with the County of Orange, the County cannot take back title on the land as long as we set aside 50% of the land for the future use of a Veterans cemetery. Counsel Quintanilla recommended that the Board adopt a resolution at the February Board Meeting officially accepting boundaries thereby meeting that requirement of the County to reserve 50% of the land for a Veterans cemetery.

Chair Hatch summarized by stating that what the City of Irvine does in terms of a veterans cemetery, really has no bearing on how we proceed at Gypsum Canyon. The District is



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providing land to serve the Veterans as required by the County. If or when the Veterans decide to use that land is entirely up to them. The Board also briefly discussed the fact that the County of Orange also has the authority to designate zoning for the parcel since it is in their sphere of influence as well. GM Deutsch stated that he thinks electric utilities would be provided by Southern California Edison and water and sewer may be obtainable through Yorba Linda if the property is annexed to their sphere of influence.

Trustee Ward left the meeting at 11:14 a.m.

GM Deutsch stated that at the February meeting, he would have the resolution ready that had just been discussed. He also said that Larry Ryan from RJM will be in attendance and GM Deutsch is also planning to have a plan in place for obtaining the needed zoning change.

The Board also briefly discussed funding options. Now that RJM has digested the 1,040 page geotechnical report, we will work on putting numbers on the data so we have a rough ballpark on what our costs might be. The District is looking at a variety of funding options including selling and purchasing our own bonds, funding through special assessments, and other borrowing options. GM Deutsch plans to have financing experts meet with the Finance and Investment Committee to discuss these options. Trustee Nelson requested that GM Deutsch send out the information he had gathered on the assessment process to the other Trustees.

Chair Hatch asked if there were any red flags regarding any of the General Managers Reports for Items A through D. Brief comments were as follows:

Interments and Interment Space Sales Reports – November 2019

The following interment and interment space sales for November 2019 were reviewed:

			<u>2019-2020</u>	<u>2018-2019</u>
ANAHEIM	Interments	9 (6 Urn)	39 (26 Urn)	28 (16 Urn)
	Lot Sales	6	16	13
EL TORO	Interments	50 (17 Urn)	294 (102 Urn)	246 (93 Urn)
	Lot Sales	59	381	299
SANTA ANA	Interments	27 (6 Urn)	123 (30 Urn)	146 (23 Urn)
	Lot Sales	9	55	112
TOTAL	Interments	86 (29 Urn)	456 (158 Urn)	420 (132 Urn)
	Lot Sales	74	452	424

GM Deutsch commented that there was no unusual activity for the month of November.

Financial Reports – November 2019

Brenda Manriquez reported that the El Toro niche project is now closed for expense purchases. Everything else was trending normally and there was nothing out of the ordinary to report.


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December Investment Portfolio Changes

The Board discussed investments and the departure of Marty Kreisler from FundX. The Board needs to determine whether to keep FundX or follow Marty Kreisler. Trustee Nelson also asked if the reporting on FundX investments is before or after the fees. GM Deutsch answered that those figures do not include the fees FundX charges. Trustee Nelson requested that the fees be included in the reporting.

Capital Projects Update

Brenda Manriquez stated on the Fixed Asset Accounts report, the new truck has been ordered at a cost of \$51,470, under the budgeted amount of \$55,000.

District Award Submittals

GM Deutsch stated that everything has been submitted to renew the CSDA District of Distinction award and the Transparency certification. We have also submitted to GFOA for the budget award and the CAFR (Comprehensive Annual Financial Report).

UNFINISHED BUSINESS - None

ITEMS FOR FUTURE AGENDAS

Nothing was recommended other than what was discussed previously in the meeting for cemetery development on the Gypsum Canyon site.

BOARD COMMENTS

Chair Noel Hatch commented that he had attended the Veterans Day Program, Wreaths Across America at El Toro Memorial Park and the Longest Night Homeless Memorial Program at Anaheim Cemetery. He said if he could sum up the District’s special events in one word it would be “relevant” because each program is so meaningful to the communities we serve.

Vice Chair Maribel Marroquin stated that she had attended El Toro’s Veteran’s Day program as well.

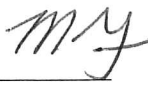
Trustee Nelson attended the Veterans Day program and also attended his last ISDOC Executive Committee Meeting. Trustee Nelson also mentioned that his old seat on CSDA is available again. They will be putting out a request for nominations and recommended at the next Board meeting that we provide a resolution to support Kelly Rivers for that seat.

Trustee Nelson also said the District should monitor possible changes to the way LAFCO assessments are made for members as the changes being discussed would greatly increase the District’s costs to be a LAFCO member.

ANNOUNCEMENTS

The Finance and Investment Committee will meet on January 22nd at 1:00 p.m. at the District Office. Trustee Nelson and Trustee Hatch will both attend.


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The next ISDOC quarterly meeting will be held on January 30th. Trustee Nelson and Trustee Rivers will both attend.


The CAPC Annual Conference will be held in Oxnard from Feb. 20-22, 2020. Chair Hatch, Vice Chair Marroquin, Trustee Nelson and Trustee Rivers will all attend.


Mr. Ron Bengochea thanked the Board for their efforts to move forward with a Veterans Cemetery in Orange County.

The next regular meeting will be held on **Tuesday, February 4, 2020**, 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 11:48 a.m.


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