

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
June 1, 2021

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order via video conference by Chair Marroquin 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:	Maribel Marroquin, Chair	First District
	William E. Nelson, Vice Chair	Third District
	Kelly Rivers	Second District
	Cynthia Ward	Fourth District (Arrived at 10:38 a.m.)
	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

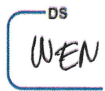
- A. Approval of Minutes – Regular Board Meeting, May 4, 2021.
- B. Approval of the June 2021 Check Registers (Claims) Nos. 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, and 192.
- C. Adoption of Orange County Cemetery District Resolution 2021-03, approving the District's Overhead Rate for fiscal year 2021-22.
- D. Adoption of Orange County Cemetery District Resolution 2021-04, approving the Annual Maximum Appropriations Limitation for Fiscal Year 2021-22.

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

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – April 2021

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


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			<u>2020-2021</u>	<u>2019-2020</u>
ANAHEIM	Interments	16 (14 Urn)	105 (72 Urn)	62 (41 Urn)
	Lot Sales	8	56	30
EL TORO	Interments	92 (30 Urn)	814 (250 Urn)	579 (196 Urn)
	Lot Sales	139	1,057	629
SANTA ANA	Interments	30 (20 Urn)	274 (99 Urn)	253 (58 Urn)
	Lot Sales	12	111	139
TOTAL	Interments	138 (64 Urn)	1,193 (421 Urn)	894 (295 Urn)
	Lot Sales	159	1,224	798

GM Deutsch reported that all three cemeteries were in the double digits for number of services performed in April. Anaheim conducted 16 interments with three COVID related deaths. Santa Ana had 30 services with one COVID related death. El Toro Memorial Park completed 92 services with eight COVID related deaths. Since July, El Toro Memorial Park has completed 814 interments. District-wide we have completed 1,193 interments year-to-date. Since the beginning of the pandemic, we have completed 210 interments for COVID related deaths.

For space sales, Anaheim had 8 sales, Santa Ana had 12 space sales, and El Toro Memorial Park reached another all-time high with 139 spaces sold in April which included 114 casket, 13 niches, and 12 in-ground cremation spaces. District-wide, 1,224 interment space sales have been completed since July.

In terms of space availability, El Toro Memorial Park has 3,909 spaces remaining which includes the new addition of 89 casket spaces and 39 cremation spaces in the Los Alisos lawn near the office. The closure of the road between Old Section and Southeast will be completed after July as a part of capital projects for the 2021-22 Fiscal Year Budget.

B. Financial Reports – April 2021

Brenda Manriquez reported that April revenues are going like gangbusters. In May, the District received approximately \$90,000 in property taxes and another chunk should be coming in June or July. We are on track for projected property tax revenue. Interest rates still remain low. With all the activity for services and space sales those revenues remain up as well. Miscellaneous revenue is up with higher credit card rebates and more contract service fees. In April, the District received almost \$2,000 in contract service charges alone.

For expenses, there was not much new to report. There were no invoices paid in April for equipment or buildings. The invoice for the backhoe will be coming through in May as well as some invoices for LSA and RJM.

The Balance sheet looks good and we are bulking up cash with the County. As of the end of April there was \$3.8 million in Unassigned. Brenda stated that at the end of the fiscal year she expects the District will be able to move approximately \$1.6 million into Committed for New Cemetery Development. They also expect May's activity numbers to be dropping off as the pandemic is subsiding.

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Trustee Hatch complimented Brenda Manriquez on her excellent presentations each month and stated how pleased he is to be able to rely on both Brenda Manriquez and Tim Deutsch to anticipate and address the District's financial concerns.

C. Investment Portfolio Changes – May 2021

GM Deutsch stated that investments are still running at about 50 basis points. The District is continuing to do the best we can to find options above 0.5% as investments mature. Hopefully we will see these yields begin to improve in the near future.

D. Capital Projects Update

GM Deutsch reported that El Toro Memorial Park is still waiting for the telecommunications company to get back with us regarding moving the lines impacting interment spaces on the Hillside lawns. GM Deutsch informed the Board that the new backhoe was received. The authorized purchase price was \$92,000, but because we opted to keep the old backhoe rather than trading it in, the actual cost of the backhoe was closer to \$98,000. GM Deutsch said we can recoup some of that when we no longer need the old backhoe and can sell it at an auction house.

E. COVID-19 District Update

GM Deutsch informed the Board that he will be meeting with staff to get an idea of everyone's comfort level about making the offices available to the public in light of the State reopening slated for June 15th. GM Deutsch said he is expecting to learn about any new guidelines the state may have for changing COVID protocols. Trustee Hatch asked about when the District would resume in person board meetings. Both Chair Marroquin and Vice Chair Hatch said they would be comfortable meeting in person. Legal Counsel Steve Quintanilla stated that there is no guidance on forcing employees to become vaccinated, adding that currently employees have the right to remain unvaccinated for religious or health reasons. Chair Marroquin asked what percentage of staff are vaccinated. GM Deutsch said that about 65% of staff is vaccinated. Trustee Hatch stated that he believes it is very beneficial to be able to meet face-to-face.

NEW BUSINESS - None

GENERAL COUNSEL REPORT

Counsel Quintanilla stated that he would defer his report to Closed Session.

UNFINISHED BUSINESS – None

COMMITTEE REPORTS – Finance and Investment Committee Meeting, May 25, 2021

A. Designation of Reserves – Fiscal Year 2020-21

Committee Chair Nelson reported that the projected Unassigned Fund Balance at the end of this fiscal year will be approximately \$3.7 million. The District is required to maintain in the General Fund 50% of the projected annual operating costs. This amount is \$2,117,350. The committee recommends any funds exceeding the required annual operating costs be committed for the purpose of new cemetery development. That means approximately \$1.6 million would be committed for New Cemetery Development, bringing the total of committed funds for this purpose to just over \$13 million.


Chair


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MOTION: of Trustee Hatch, seconded by Chair Marroquin and carried by a roll-call vote of 4-0 (Trustee Ward absent for the vote), adopted Orange County Cemetery District Resolution 2021-05, approving that the amount exceeding the minimum Unassigned Fund Balance of \$2,117,350, to be designated as Committed Funds for the purpose of Cemetery Development.

B. 2021 District Fee Review and Adoption by Resolution No. 2021-06

Committee Chair Nelson and GM Deutsch explained that each year staff and the Finance and Investment committee review the District’s Master Fee schedule and recommend changes based on a variety of factors including inflation, comparison pricing at other Orange County Cemeteries, and the District’s overhead rate. For interment space pricing the committee recommends an increase of 2.2% to all spaces except for infant spaces. This will result in an increase of approximately \$25 to \$85 between the various space types.

For the Endowment Care Fees, it was previously suggested by the committee to have Endowment Care fee increases every other year rather than annually. Since the Endowment Fee was increased last year the committee asked for feedback from the rest of the Board in regards to raising this fee for the upcoming fiscal year. After hearing all the feedback from the Trustees, the Board agreed that there would be no increase in the Endowment Care Fee for the 2021-22 fiscal year.

Service fees are based on the District’s overhead rate. A new \$75 fee is also being added for the approval of a permit for families to hold their own memorial gathering. The permit ensures that staff and security are both aware of the event. The permit can be presented to security upon their request. The committee also recommends changing the Eligible Non-Resident fee from a flat fee to a fee that is calculated at 15% of the interment space cost. This will apply to Non-Tax Paying Residents as well. The new rates will go into effect on July 2, 2021.

MOTION: of Trustee Hatch, seconded by Chair Marroquin and carried by a roll-call vote of 4-0 (Trustee Ward absent for the vote), adopted Orange County Cemetery District Resolution 2021-06, approving the Master Fee Schedule to be effective July 2, 2021.

Trustee Ward arrived at 10:38 a.m.

C. 2021-22 Fiscal Year Budget

GM Deutsch gave a PowerPoint presentation on the 2021-22 Fiscal Year Budget. GM Deutsch explained that General Fund Revenues are projected to be \$6,636,941, which anticipates an approximate 10% decrease in sales and services and an uptick in interest rates. The total proposed 2021-22 General Fund Expenditure Budget is \$4,938,196 and includes 27 full-time and one part-time position. This includes budgeting \$229, 299 for economic uncertainty, UAAL contribution rates, a 2.5% increase in salaries for the new pay step that the Board has approved and a new equipment budget of \$259,000 which includes the purchase of a new backhoe. Vice Chair Nelson asked what our current UAAL was at. Brenda Manriquez stated that as of 12-31-20, it was at approximately \$640,000. She also added that the District’s pension is still about 95% funded, which is why we elected not to pay off the UAAL last year.


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GM Deutsch also said that the 2021-22 Capital Improvements include budgeting \$280,000 for the El Toro Slope Improvement project, window refurbishment on the administration building, section markings, and new benches. The District is allocating \$400,000 for new cemetery development, assuming we move forward with CEQA requirements. Minor improvements to the Santa Ana Cemetery breakroom and locker area as well as termite repair and some minor roof repair is budgeted at \$50,000. The wood window frames at Anaheim Cemetery also need to be refinished and the breakroom upgraded at a cost of approximately \$40,000 for a total capital improvement budget of \$770,000.

GM Deutsch gave a brief presentation on each cemetery. In terms of staffing he anticipates that the Equipment Mechanic, Jesus Lopez will be retiring in November.

MOTION: of Trustee Hatch, seconded by Chair Marroquin and carried by a roll-call vote of 5-0, adopted Orange County Cemetery District Resolution 2021-07, approving the Budget for Fiscal Year 2021-22.

D. Endowment Care Study

Committee Chair Nelson explained that the District has done two Endowment Care studies in the past in 2009 and 2015. The purpose of these studies is to examine if the District has adequate resources to maintain the grounds of all three cemeteries for 100 years. The Finance and Investment Committee recommends that the District proceed with a new study to ensure that our Endowment Fund is still on track to meet that goal. GM Deutsch noted that this will be effective with the new budget.

MOTION: of Trustee Ward, seconded by Chair Marroquin and carried by a roll-call vote of 5-0, authorized the General Manager to execute a consultant agreement with HB Actuarial Services to perform an Endowment Fund Analysis update not to exceed \$33,000.

E. New Cemetery Development Funding

Committee Chair Nelson explained that at the Finance and Investment Committee Meeting, Holman Capital gave a presentation on bond financing versus direct lending. They illustrated a \$30 million loan fully amortized or paid off in stages. Chair Nelson's concern is that the District would not be able to make the annual payment of \$1,832,119.64. Chair Nelson stated that he did not see how the District could finance \$30 million and believes the Board must look at other options or reduce the amount we are financing. Chair Nelson stated that he thinks the District's best options are to do some kind of bond or special district assessment. GM Deutsch said that we will be discussing all of these options with the Finance and Investment Committee over the next couple of months.

Committee Chair Nelson asked Counsel Quintanilla if it is still viable for the District to issue and buy our own bonds. He also questioned whether the District could defer payments. Counsel Quintanilla stated that he would need to talk with bond counsel to confirm what the current laws are. He added that bonds are secured by future revenue and that's why it is critical to keep our fees strong.

Trustee Ward asked if this was a phased development. Committee Chair Nelson said that the first phase of construction was scaled down to reduce costs. Trustee Ward also asked if we knew what kind of revenue the new cemetery would generate. GM Deutsch said that the first year of



Chair



Secretary

operation could be questionable for revenue as the cemetery becomes established. But he also reminded the Board that the District could use the Endowment Income Fund and pay it back once the cemetery is established.

Trustee Ward also wanted to make sure the Trustees explored Lease Revenue Bonds because they don't require voter approval. They require a Joint Powers Authority to release the bonds.

ITEMS FOR FUTURE AGENDAS - None

BOARD COMMENTS

A. Special District Legislative Days, May 18-19, 2021 (Virtual)

Vice Chair Nelson, Trustee Rivers, and GM Deutsch attended this virtual event. Vice Chair Nelson thought it was one of the better Legislative Days he has attended because with it being virtual, they could bring in so many different people. He stated he was impressed with what they put on. GM Deutsch stated that he was expecting to have more involvement with legislators adding that maybe it is different with an in-person event. Trustee Ward stated that she had never been to a Legislative Days program and asked how often attendees meet with staffers as opposed to legislators. Vice Chair Nelson stated that there was not as much participation by actual legislators this time as compared to year's past.

ANNOUNCEMENTS

B. CSDA Fiscal Committee Meeting, June 2, 2021

Vice Chair Nelson will attend this meeting.

C. CSDA Member Services Committee Meeting, June 3, 2021

Vice Chair Nelson will attend this meeting.

At 11:25 a.m. the Board adjourned to Closed Session.

CLOSED SESSION

Conference with Legal Counsel – Potential Initiation of Litigation pursuant to Government Code Section 54956.9
One potential case.

The Board reconvened from closed session at 12:05 p.m. Counsel Quintanilla stated that no reportable action took place.

The next regular meeting will be held on **Tuesday, July 6, 2021**, 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 12:06 p.m.

DocuSigned by:
William E. Nelson
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Chair

Mary Fuchs
Secretary

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