

ORANGE COUNTY CEMETERY DISTRICT

Board of Trustees

May 1, 2018

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Kelly Rivers at 10:00 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 Rivers.
Roll Call by Administrative Manager, Dianna Torrence.

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

Staff: Tim Deutsch, General Manager
Dianna Torrence, Administrative Manager
Brenda Manriquez, Staff Accountant

Also Attending: Steve Quintanilla, Law Offices of Quintanilla & Associates

PUBLIC COMMENTS

Bob Ooten with the Costa Mesa Sanitary District requested to address the Board. Mr Ooten is a candidate for the Orange County LAFCO Alternate Special District Member Seat. Trustee Hatch asked Mr. Ooten why the Board should vote for him for the Alternate position. Mr. Ooten stated that he does not represent a water district and, as such, brings a different perspective. He also has 50 years of civil engineering and infrastructure experience. Planning for future development is a primary function of LAFCO. His background allows him to hit the ground running. Vice Chair Ward asked, as an Alternate, would he be in a position to share this experience. Mr. Ooten stated that the Alternate Member can sit at the table and participate in discussion, but only votes if one of the regular commissioners is absent. The Board thanked Mr. Ooten for sharing his qualifications and Mr. Ooten left the meeting at this time.

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, April 3, 2018.
- B. Approval of May 2018 Check Registers (Claims) Nos. 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176 and 177.
- C. Acceptance of the District Quarterly Investment Report and Certification for March 31, 2018, pursuant to Government Code Section 53646(b)(1).



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

GENERAL MANAGER REPORTS

Interments and Interment Space Sales Reports – March 2018


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

			<u>2017-2018</u>	<u>2016-2017</u>
ANAHEIM	Interments	7 (3 Urn)	59 (32 Urn)	49 (18 Urn)
	Lot Sales	1	20	14
EL TORO	Interments	62 (25 Urn)	488 (168 Urn)	431 (158 Urn)
	Lot Sales	56	504	478
SANTA ANA	Interments	37 (9 Urn)	261 (39 Urn)	282 (49 Urn)
	Lot Sales	22	207	278
TOTAL	Interments	106 (37 Urn)	808 (239 Urn)	762 (225 Urn)
	Lot Sales	79	731	770

GM Deutsch reported that there were no real surprises and the numbers are tracking as they have been all year. El Toro had 56 interments during March, which is becoming the norm. El Toro's sales are 5.4% above projections with 504 space sales year-to-date. Total interments for El Toro are at 488 year-to-date and continue to exceed last year's numbers. At Santa Ana there were only 22 space sales, which is on the low side for Santa Ana. Total interments are at 808, which exceeds last year's figures. For the District, 56% of total sales are for at-need families. The bulk of pre-need sales are generated at El Toro, due to the lack of inventory at Santa Ana and Anaheim. In all, 85% of total sales are for full casket spaces. This is opposite the industry average which is about 65% cremation and 35% casket. We will give projections at the Finance and Investment Committee Meeting and will discuss any recommended fee changes that will be presented to the Board at the June Board Meeting. Trustee Hatch confirmed that we are not advertising. GM Deutsch said that was correct and the District will not be marketing aggressively until we develop a fourth cemetery. We did buy back some spaces during March, with two spaces coming back to Santa Ana and one space coming back to El Toro.

Financial Reports – March 2018

The Board reviewed the Financial Reports for March 2018. Brenda Manriquez stated that there has not been much change over prior months. We received another \$560,000 in property tax payments which is over what we had budgeted. Interest income is already over 100% of what we had budgeted for the year. As for expenses, the District did have one piece of equipment, a new trailer for El Toro, that hit our books in March. There were also some design and engineering charges for the new restroom remodels and El Toro niche project. As far as the Balance Sheet, we have \$2.1 million sitting in Unassigned as of the end of March. At the June meeting the Board will look at moving some of those funds to either "committed" or "assigned." Because of the delay in the capital projects, we may just assign funds, knowing that bills will be coming due now as those capital projects are finally getting underway. Other than that, the District is looking at another good year. Trustee Nelson asked about the discrepancy on the Investment Report from GM Deutsch showing approximately \$30 million, but Brenda


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Manriquez's financials showing \$29,611,993. GM Deutsch stated that his report goes by full value at maturity and does not consider unrealized gains. His report also includes accrued interest which Brenda's does not. Brenda Manriquez explained that there are a few things on the General Manager's investment report that she does not include. Brenda explained that it is just to give you an idea of true value and how things are trending.

Vice Chair Ward asked what "Impressed Cash" is. Brenda Manriquez answered that this means "petty cash." GM Deutsch also said that Brenda is working on an educational presentation for the trustees to help them better understand financial statements and accounting terminology.

March Interest Rates

GM Deutsch reported that this is a snapshot of returns ending March 31, 2018. All the investments are showing slight increases in interest rates. Trustee Hatch said that the OCERS' report showed that they had a 14.5% rate of return and asked how they accomplished that. Brenda said that they have a very wide portfolio such as emerging markets. They are now at the 6 billion dollar mark, which gives them a great deal of leverage. March numbers this year are projecting at 2.8% and the numbers will go back and forth. But last year OCERS did have an outstanding year.

April Investment Portfolio Changes

GM Deutsch stated that for April there was one change right at the end of the month. There was one additional investment that came in on Monday, which was too late to report for this meeting and will be included in the May Investment Portfolio Changes. The one that occurred on this report actually matured on May 1st, but the advisors are able to purchase a couple of days in advance. Trustee Hatch asked what the advisors are looking for when they purchase new investments. GM Deutsch explained that the rating must always be in the "A" range and above. We work together to fill the five-year ladder. We look to see how our overall portfolio is balanced. We are at about 26% corporate and cannot go over 30%.

Capital Projects Update

GM Deutsch stated that he anticipates demolition to begin on Wednesday or Thursday of this week for the new El Toro Niche project. The contractor has started his mobilization and bringing materials on site. El Toro's staff had already done some preliminary work with landscaping and marking utility lines. We hired a company to repair the wrought iron fencing in that area that had shown signs of rust. We will also be removing some landscape islands to increase the parking stalls by 3%.

Staff at Santa Ana Cemetery are now in the process of closing two roads to create an additional 378 new full casket spaces. They have completed removal of asphalt and will start seeding the new lawns.

GM Deutsch said he will be sharing more pictures as the work progresses on these projects.

The Strategic Plan Dashboard

GM Deutsch stated that annual District revenues continue to exceed annual District expenditures through March 31st.


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For community programs, the District is ahead of its goals. All three cemeteries will be hosting Memorial Day programs. GM Deutsch mentioned that the family of Vivien Owen requested that the dedication of her memorial garden be held right after the Santa Ana Memorial Day Program concludes. They felt this was very appropriate since Vivien was always heavily involved in this event at Santa Ana Cemetery. GM Deutsch asked who would be interested in attending. The Memorial Day program starts at 10 a.m. and usually lasts a couple of hours. The dedication will take place right after the program. GM Deutsch estimates the dedication will take place at approximately noon. Trustee Ward asked if GM Deutsch would deliver flowers to the dedication from her. She would very much like to attend, but must attend the Anaheim Memorial Day program. Trustee Hatch asked where the programs are held. GM Deutsch briefly described all three programs, where they take place in each cemetery and how long each program lasts.

For the recent El Toro Memorial Park Historical Tour, Trustee Nelson asked how many people attended. GM Deutsch answered that approximately 150 people attended. Chair Rivers stated that if we had had the event at night we would have easily had at least 300 people.

For the goal of having each trustee attend at least one CAPC or CSDA webinar, class or conference, three of the trustees have participated. Maribel Marroquin and Cynthia Ward still need to participate in at least one training opportunity.


County of Orange Auditor Controller – Trustees’ Stipend & Reimbursement Form

GM Deutsch explained that, due to the new way Trustees receive compensation with W-2 reporting rather than the use of 1099s, a new reporting form needs to be used. Dianna Torrence provided instruction on the new form. Trustee Nelson asked why staff is required to submit a license plate number. Dianna Torrence said that she could find out why that information is required by the County. Trustee Hatch asked if it is possible to opt out of having deductions taken for income tax. GM Deutsch said that it is possible. Trustees can complete a W-4 so that they don’t take taxes out of your stipend. Trustees will be paid according to the payroll cycle, which is every two weeks. Trustee Nelson asked if she could send this form to them electronically. This new form takes the place of the old expense reporting form. If trustees have out-of-pocket expenses, they should turn in receipts along with the completed form in order to be reimbursed.

SDRMA Property & Liability and Workers Compensation Program Review Results

GM Deutsch explained that SDRMA just completed a comprehensive review for the District. They evaluate our day-to-day operations. Overall, we got a very clean review, but there is one Cal OSHA policy on excavations that our policy must mimic. We will make that change. They had a lot of positive comments that we have many sound practices and conditions observed. The grounds are well maintained and employees are uniformed appropriately. Office conditions are good with proper posting of labor laws. Only small infractions were found such as minor housekeeping issues like paint cans needing to be stored in a cabinet. Their review also helps to keep our annual fees down.

UNFINISHED BUSINESS - None


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NEW BUSINESS

Orange County LAFCO – Regular and Alternate Special District Member Seats

Chair Rivers asked if any of the Board Members had any input on which candidates the District should support. Trustee Nelson stated he felt that the District should support Doug Davert for the Regular Seat, saying that he is the most qualified. He has been chair of the Orange Fire Authority, Orange County Sanitation District, City Council Member, and he is Secretary for ISDOC.

For the Alternate OC LAFCO Seat, Trustee Ward stated that she was impressed that Mr. Ooten came back to address the Board at this meeting. She felt that his knowledge would be beneficial on the OC LAFCO Board. Trustee Nelson also favored Mr. Ooten.

MOTION of Trustee Nelson, seconded by Vice Chair Ward and carried by a vote of 5-0, approved the selection of candidate Douglass Davert for the OC LAFCO Regular Special District Member Seat.

MOTION of Trustee Nelson, seconded by Vice Chair Ward and carried by a vote of 5-0, approved the selection of candidate Bob Ooten for the OC LAFCO Alternate Special District Member Seat.

Trustee Marroquin left the meeting at 11:07 a.m.

Interment Space Fee Change – El Toro Memorial Park, Centennial Urn Garden

GM Deutsch explained that staff is requesting a price decrease in the Centennial Urn Garden at El Toro Memorial Park. Since the Garden was established in 2006 the cemetery has only sold twenty percent of those spaces. In the last two years we have sold no spaces in the Urn Garden. This is likely because the price for a space in the Centennial Urn Garden is the same cost as for any other in-ground cremation space in other lawns. However, the Centennial Urn Garden spaces are smaller and will only accommodate a 12x24 marker. In-ground cremation spaces outside of Centennial Urn Garden are larger and can accommodate larger markers. Staff proposes reducing the cost from \$1,430 to \$1,150. This will provide a low-cost in-ground cremation option for families.

MOTION of Trustee Nelson, seconded by Trustee Hatch and carried by a vote of 4-0 (Trustee Marroquin was absent for the vote), approved changing the interment space fee in the El Toro Memorial Park’s Centennial Urn Garden from \$1,430 to \$1,150, effective immediately.

ITEMS FOR FUTURE AGENDAS

Nothing was noted.

CLOSED SESSION

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


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The Board adjourned to closed session at 11:08 a.m.

The Board reconvened from closed session at 11:25 a.m. Steve Quintanilla of Law Offices of Quintanilla and Associates stated that no reportable action took place in closed session.

BOARD COMMENTS

CAPC Local Area Meeting – Oak Hill Memorial Park, Escondido, April 12, 2018

Chair Rivers reported that it was a nice meeting and that Oak Hill is a beautiful cemetery. She said that GM Deutsch did a wonderful job. GM Deutsch reported that over 40 people attended, which was a very good showing. Our District will likely host the next meeting in September and GM Deutsch is hoping that the El Toro niche project will be completed for that meeting. GM Deutsch also mentioned that a representative from Foresters spoke. He did say that if we host the meeting in September, it would be nice if the full Board could attend, as that is typically the case.

Special Districts Leadership Academy, Monterey, April 15-18, 2018

Chair Rivers reported that she attended the advanced track. She said that our District is pretty much spot on as far as the academy’s recommendations. They offered harassment training as well. Trustee Hatch reported that he attended and noted that he saw only one other cemetery district attending. In every group meeting there are some that monopolize the discussion. But he was impressed to see how well our District operates after attending the various sessions.

Trustee Hatch left the meeting at 11:35 a.m. to attend an Orange County Fire Authority Meeting.

Anaheim Cemetery – Private Tour, April 20, 2018

Vice Chair Ward reported that she conducted a private tour at Anaheim Cemetery for a group of approximately twelve psychics. She said it was one of the most interesting tours she’s ever done. They were particularly interested in the Chinese section.

CSDA Board Meeting, Sacramento, April 20, 2018

Trustee Nelson reported that it was a regular board meeting. They went over the audit which was nice and clean. They went over the IRS Form 900 for the Association’s tax return. He also noted that CSDA has a new Platinum Level for the District of Distinction and our District is grandfathered in at Platinum. To continue, however, Trustee Marroquin will need to attend governance training and get up to date on her sexual harassment and Ethics training.

El Toro Memorial Park Historical Tours, April 21, 2018

Chair Rivers commented that she was pleased to see every board member participate. GM Deutsch showed a slide show of pictures from the tour taken by Jared Funk. GM Deutsch gave a special thanks to Kelly and Darrell Rivers and Cynthia Ward for all their help with costumes and props. GM Deutsch mentioned that author, Michael Thomas Barry was there with his book and volunteers from the Saddleback Area Historical Society and Heritage Hill were in attendance as well. GM Deutsch also complimented Communications Manager, Mary Funk for her efforts in preparing for the tour. He mentioned that the Director of the school’s theater troupe, Don Amerson, was very impressed by our efforts and pleased with the outcome. Chair Rivers asked if we had an opportunity to take control of the unofficial Facebook pages that exist for all three


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cemeteries. GM Deutsch said that Kim Eazell will be working with Dianna Torrence to get the documentation that Facebook needs to give as the ability to take over those sites.

Garden of Innocence Services at El Toro Memorial Park, April 28, 2018

Chair Rivers attended the service for three infants – Asher, Jasmine and Araya. Staff members Dianna Torrence and Bud Bales were also present. Chair Rivers was very complimentary about Cemetery Manager, Bud Bales, and what a wonderful and professional job he does. The Knights of Columbus were very impressive. Jim McComb also attended, as he was given the honor of naming one of the babies. We have now had nine interments in the garden and will be starting the second row. Dianna Torrence’s husband attended as a Chaplain for the Orange County Sheriff’s department. Dianna Torrence stated that, in all, there were two Chaplains, one Deputy, and one Commander present. It was also the first time that the procession had a coach included. This was provided by McCormick and Son Mortuary who is very involved with Garden of Innocence - Orange County.

ISDOC Executive Committee Meeting, Fountain Valley, May 1, 2018

Trustee Nelson reported that he updated the ISDOC Committee on the CSDA Board elections. Nominations closed on the 18th of April. Ballots will be due back on August 10, 2018. Three of the networks including the Northern Network, the Sierra Network and the Coastal Network had no competition so those were automatically re-elected. The Bay Area Network had four competitors. Joel Bauer, in the Central Network had two competitors. Jo MacKenzie, in the Southern Network had one competitor from the Big Bear Airport District.

Trustee Nelson reported that CSDA also discussed a bill restricting surplus land for special districts. CSDA led a group that provided some input into this legislation. Trustee Nelson explained that all surplus land, including leased lands, must first be offered for affordable housing. CSDA is working on amendments to this legislation and will be keeping an eye on it.

ANNOUNCEMENTS

CSDA Special District Legislative Days will be held in Sacramento from May 22-23rd. No one from the District is planning to attend this year.

The ISDOC Executive Committee will meet in Fountain Valley on June 5, 2018. Trustee Nelson will attend.

All three cemeteries will host Memorial Day Programs on Monday, May 28th. Vice Chair Ward will speak and attend Anaheim Cemetery’s program. GM Deutsch and Trustee Nelson will attend Santa Ana’s program so they can both also attend the dedication service for Vivien Owen’s memorial garden.

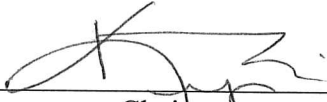
GM Deutsch mentioned that there was some discussion at OC LAFCO about increasing staffing, and they were going to ask the Board to address this at their May meeting. This could potentially impact Districts. However, due to a lack of a quorum they canceled their May meeting. GM Deutsch will continue to look in to this to see if there is any information that he needs to pass on to our District’s Board members regarding this potential staffing change at LAFCO.


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The next regular meeting will be held on **Tuesday, June 5, 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 11:55 a.m.



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