

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
March 1, 2022

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order via video conference by Vice Chair Cynthia Ward at 10:02 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: Cynthia Ward, Vice Chair Fourth District
Maribel Marroquin-Waldram First District
Noel Hatch Fifth District

ABSENT: Kelly Rivers, Chair Second District

STAFF: Tim Deutsch, General Manager
Brenda Manriquez, Finance and Accounting Manager
Mary Funk, Board Secretary

ALSO PRESENT: Steve Quintanilla, General Counsel
Kinnaly Soukhaseum, Eide Bailly

PUBLIC COMMENTS - None

CONSENT CALENDAR


- A. Approval of Minutes – Regular Board Meeting, February 1, 2022.
- B. Approval of the March 2022 Check Registers (Claims) Nos. 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, and 144.
- C. Approval of the Investment Policy for 2022

MOTION: of Trustee Hatch, seconded by Trustee Marroquin-Waldram and carried by a roll-call vote of 3-0 (Chair Rivers absent for the vote), approved the Consent Calendar.

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – January 2022

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


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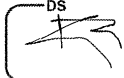
			<u>2021-2022</u>	<u>2020-2021</u>
ANAHEIM	Interments	7 (5 Urn)	54 (41 Urn)	58 (36 Urn)
	Lot Sales	2	33	31
EL TORO	Interments	83 (23 Urn)	536 (168 Urn)	523 (157 Urn)
	Lot Sales	142	823	694
SANTA ANA	Interments	26 (11 Urn)	144 (63 Urn)	187 (60 Urn)
	Lot Sales	10	37	80
TOTAL	Interments	116 (39 Urn)	734 (272 Urn)	768 (253 Urn)
	Lot Sales	154	893	805

GM Deutsch reported that the activity level for both Santa Ana Cemetery and Anaheim Cemetery is status quo. At Anaheim Cemetery there were two space sales and 8 interments with no known COVID cases. Santa Ana Cemetery sold ten interment spaces and conducted 26 interment services with three COVID cases.

El Toro Memorial Park continues to be extremely busy and reported the highest ever number of space sales for January at 142, of which 127 were for casket space. This is also the highest number of casket space sales recorded for one month. The opening of the new lawn in Old Section is a major contributing factor to the number of casket sales reported. GM Deutsch stated that Cemetery Assistant Kim Eazell has been very diligent in meeting with families who were on the waiting list for this new area and came in on several Saturdays to accommodate families. With COVID, GM Deutsch said that people are more cognizant of the need for advanced planning and the public is also aware of the decreasing inventory at El Toro and are wanting to purchase before the cemetery is sold out.

GM Deutsch also reported that staff discovered an error in the space availability report. When the large addition to LA-35 was mapped and approximately 500 spaces added to Cemsites, staff did not realize that those numbers had already been projected into the original inventory count. After a inventory count off of the map books by the cemetery manager, additional shortages were discovered in Park Vista, primarily through the division of casket spaces into cremation spaces. In all El Toro has 932 fewer spaces than shown on previous space availability reports. On the bright side, we did gain 154 cremation spaces that were underreported. If El Toro continues to sell at the current rate, GM Deutsch expects to be sold out by February 2024 or sooner. The District had hoped that inventory at El Toro would last until the opening of the new cemetery at Gypsum Canyon, but that will likely not be the case. Between 2017 and 2019 annual space sales hovered in the 500 range, but in fiscal year 2020-21 sales at El Toro soared to 1,054 and we are on track to meet or surpass that number this year.

GM Deutsch reminded the board that in the past the Trustees had approved a resolution allowing the District to prohibit sales to eligible non-residents if the available inventory was not sufficient to provide for the foreseeable future. El Toro is now at that point and effective this date, staff will no longer allow the sale of casket space for use by eligible non-residents. GM Deutsch requested feedback from the Board as to their thoughts and asked whether pre-need sales should be further limited. The current limit on pre-need casket sales is no more than two double-depth



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casket spaces per physical address in Orange County. GM Deutsch stated that Trustee Nelson had always been an advocate of maximizing revenues now and allowing the cemetery to sell out without restriction. But restrictions will extend availability of spaces for At-Need families who have actually had a death occur, adding that Gypsum Canyon will not be producing until 2024 to 2025.

Trustee Hatch cautioned that even when Gypsum Canyon opens, we cannot expect the same kind of sales that El Toro is experiencing. It will take time for the community to get used to the idea of the new cemetery being an option. Trustee Hatch stated that we should extend the life of El Toro as long as possible. GM Deutsch did note that there are some areas of lawns where we could gain spaces, such as the relocation of the telecommunication lines, but at most it will only add about 100 spaces and that is an optimistic estimate. He also added that he believes people will travel to Gypsum Canyon for the value a public cemetery can offer. Marketing to our industry partners such as mortuaries and funeral homes will be essential in getting the word out about the Gypsum Canyon cemetery.

Vice Chair Ward agreed with Trustee Hatch and asked about limiting space sales to At-Need families only, adding that families who want to purchase for advanced planning will need to wait for Gypsum Canyon. GM Deutsch said we will also need to look at operational costs. If we limit sales to At-Need only, it will have an immediate impact on revenues. Vice Chair Ward asked if any additional tax revenues would be generated with the opening of Gypsum. GM Deutsch said that it would not. The District is already at the maximum tax allocation.

There was some discussion about confirming that the deceased are Orange County residents. Counsel Quintanilla confirmed that the District is only required to provide space for eligible non-residents if there is adequate space in the foreseeable future. According to health and safety codes, the District just needs to act reasonably when it requests documentation to confirm proper residency of the deceased.

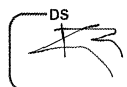
Vice Chair Ward said she would leave the decision to the best judgment of staff, but urged staff to preserve space for At-Need families as the priority.

GM Deutsch said he would report back to the Board with the direction staff wants to take at the April Board Meeting. All sales to Eligible Non-Residents will be suspended effective immediately.

B. Financial Reports – January 2022

Brenda Manriquez reported that nothing of note has changed. The in and out activity is normal. Revenues are looking great. Salaries and benefits are trending the same. Any variances in expenses are detailed in the Board report.

For equipment expenses, El Toro did finally receive the loader attachment for the backhoe that had been on backorder at a cost of \$11,087. The 4200 account for Buildings & Improvements saw small invoices for the new cemetery.



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The Balance Sheet shows \$5.2 million in Unassigned. If the action item to assign funds is approved later in this Board meeting, you will see that number spread out in the next month's report.

Vice Chair Ward asked if it would be possible to sell pre-need at Gypsum Canyon before it is developed. GM Deutsch said that a lot of private cemeteries will do that, but the Board would have to approve rates ahead of time. Brenda Manriquez also noted that staff would also have to look at how that is recorded as currently Pre-Need space sales are recorded as current year revenue.

GM Deutsch mentioned that we can allow transfers between our cemeteries.

Trustee Hatch said he is not in favor of pre-need sales at Gypsum Canyon, stating that it is premature in that development has not progressed to a point where this is a sure thing.

Trustee Marroquin-Waldram agreed with Trustee Hatch. GM Deutsch said it would be wise to at the very least be well into grading before we consider that option.

Vice Chair Ward stated she was fine with that. She was just hoping to find some way to take the pressure off of El Toro.

C. Investment Portfolio Changes – February 2022

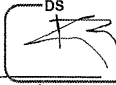
GM Deutsch said that the Endowment Principal fund is continuing to invest in terms four to five years out to take advantage of the best rates possible. Investments for the Endowment Income fund are being kept at 18 months or shorter to keep these assets as liquid as possible. The report also shows investments coming due within the next six months and current posted interest rates.

D. Capital Projects Update

GM Deutsch said that studies are continuing with the consultant team on the new property and staff is hoping to submit the Development Application to the City of Anaheim in March. GM Deutsch reported that he met with Supervisor Do to discuss the Allied Veterans section of the public cemetery. Allied veterans are not allowed to be buried in State or National Veterans Cemeteries, so this will be of great value to this population of residents. Costs associated with the development of this section will come from the County. GM Deutsch reported that he also gave a guided tour of the site to Assemblymember Sharon Quirk-Silva, along with staff from the CEO's office. He stated that she was very appreciative of the tour and asked some excellent questions as she drafts her Assembly Bill for state budget legislation and to get CalVet on board.

Trustee Hatch asked if the Allied Section will be established on the Public Cemetery land. GM Deutsch confirmed that it would be a part of our public cemetery. Trustee Hatch felt that this would be a public relations plus for the new cemetery.

GM Deutsch said that improvements at Santa Ana and Anaheim Cemetery are basically complete and work to improve drainage around the administrations building will begin at El Toro soon. Everything should be completed within then next two months. Brenda Manriquez did note that the District received its first bill from Horizons Construction.


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GENERAL COUNSEL REPORT

Counsel Steve Quintanilla reminded the board that Ad Hoc Committees can be established to deal with a specific issue for a temporary period of time, typically less than one year. The Board can appoint two members to an Ad Hoc Committee and it is not subject to Brown Act requirements and agendas are not required.

NEW BUSINESS

Since Kinnaly Soukhaseum was not on the Zoom meeting yet to present the audit, GM Deutsch recommended that they move to Item B of New Business – the Flagpole Lighting Purchase.

B. Flagpole Lighting Purchase

GM Deutsch stated that, in cooperation with the County and the City of Anaheim, the District is working on installing a 100-foot flagpole at the new cemetery site. Since this flag will be flown from dusk to dawn it will need to be properly illuminated at all times. We have been working with South Coast Lighting & Design, a local lighting company that specializes in flagpole and sports field lighting, and they have submitted a proposal for lighting. The proposal includes the cost for the five lights needed to illuminate the flag, mounts, protective tubes, delivery and sales tax. The total cost would be \$27,603.48. The County has indicated that they will reimburse the District for costs associated with the purchase and installation of the flagpole, which should include the pole, flags, lighting and installation.

Vice Chair Ward wanted to know how the materials are protected from the elements and if there is going to be a powder coating. Brenda Manriquez read an online description of the steel tubes stating that they are designed to be exposed to the elements and have superior resistance to rust and weathering.

MOTION of Trustee Hatch, seconded by Vice Chair Ward, and carried by a vote of 3-0 (Chair Rivers absent for the vote), authorized the General Manager to execute the purchase of the lighting and housing units to illuminate the American Flag on the new cemetery development site from South Coast Lighting & Design at a cost of \$27,603.48.

COMMITTEE REPORTS

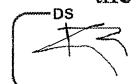
A. Communications & Public Relations Committee Meeting, Feb. 23, 2022

1. 2022-23 District Events Calendar & Budget Discussion

Committee Chair Ward reported that the committee reviewed all of the upcoming events for the 2022-23 fiscal year. Given the current state of the pandemic, the Trustees are hopeful that the District can proceed with all of it normally scheduled events with the exception of historical tours, which will likely be postponed until the activity level decreases at El Toro Memorial Park and budgeting for the new cemetery is more clear.

2. New Cemetery Development Public Relations Discussion

Committee Chair Ward reported that the District will focus on providing accessible and transparent communication where the community can easily find accurate information on the new cemetery development. The intent is to reduce or eliminate the misinformation



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that currently exists regarding cemetery development at Gypsum Canyon. GM Deutsch said that the District will also be developing a video and posting up to date content online so that our partners are equally educated about the ongoing development of the cemeteries.

B. Finance & Investment Committee Meeting, Feb. 24, 2022

1. Selection of Finance & Investment Committee Chair

Trustee Hatch reported that the Committee would like to select him to Chair the Finance & Investment Committee.

MOTION of Trustee Marroquin-Waldram, seconded by Vice Chair Ward, and carried by a vote of 3-0 (Chair Rivers absent for the vote), elected Trustee Noel Hatch to serve as Chair of the Finance and Investment Committee.

2. Mid-Year Budget Review

Committee Chair Hatch reported that the Committee reviewed the current fiscal year budget and everything is in good shape - business as usual.

3. 2022-23 Fiscal Year Budget Preparation Discussion

Committee Chair Hatch reported that they reviewed the steps that have been taken and those that still need to be taken in preparation for the upcoming budget.

4. Assigned Fund Balance – General Fund

Committee Chair Hatch explained that the Board will need to act to give GM Deutsch the authority to assign any amount in the Unassigned Fund Balance that is greater than the calculated fund balance minimum. At the close of the fiscal year the board will act to commit those funds, but by assigning them now it shows what the intent is for those excess funds and provides greater transparency for the District.

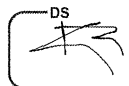
MOTION of Trustee Hatch, seconded by Vice Chair Ward, and carried by a vote of 3-0 (Chair Rivers absent for the vote), designate authority to the General Manager to assign any amount in Unassigned Fund Balance that is greater than the calculated fund balance minimum (50% of operating expenditure budget).

5. Investment Strategy for 2022

Committee Chair Hatch said that the Committee discussed the investment strategy for 2022 and is essentially keeping things the same with investments under 18 months for the Endowment Income Fund and taking longer term investments for the Endowment Principal Fund to fill out our five-year ladder.

6. Endowment Care Study Update

Committee Chair Hatch confirmed that the last Endowment Care Study was conducted in 2015. The last Endowment Care Fee increase was two years ago. As we plan for the budget, there will likely be some kind of an increase to the Endowment Care Fee.



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7. 2020-21 Audit Update and RFP For Future Audit Engagements

Committee Chair Hatch said the committee was updated on the progress of the audit and informed that since this is the fifth year of our engagement with Eide Bailly, we will need to send out a new RFP to auditing firms to bid for a new engagement agreement.

8. Finance & Investment Training Opportunities

Committee Chair Hatch said that Sandra Wheeler with Stifel can provide training on investments and financial planning to any Trustees who feel they would benefit. Finance & Accounting Manager, Brenda Manriquez can also suggest various training opportunities for any Trustee who is interested in learning more about the finances of the District.

At this time, Kinnaly Soukhaseum with Eide Bailly joined the meeting to present the financial statements and audit report for fiscal year ending June 30, 2021.

NEW BUSINESS – Continued

A. Independent Auditor’s Report

Brenda Manriquez introduced Kinnaly Soukhaseum from Eide Bailly and stated that this year’s audit was a smooth and easy process. There were no issues on the District’s side. Brenda Manriquez did note that the Comprehensive Annual Financial Report always known by the acronym CAFR, was recently changed and is now referred to as the Annual Comprehensive Financial Report (ACFR). A PowerPoint presentation was provided. Brenda Manriquez covered the financial numbers in the first half of the presentation and Ms. Soukhaseum presented the pronouncements in the second half of the PowerPoint.

Brenda Manriquez reported that the net position of the District at June 30, 2021 was \$52,765,090, an increase of over \$4 million when compared to 2020. In terms of financial results, revenues were \$814,650 higher and expenses were also higher by \$177,560. She provided charts showing ten-year histories for both Interment Services and Interment Space Sales; revenue by location; endowment income by location; and balances for the General Fund, Pre-Need Fund, Endowment Principal, Fund and Endowment Income Fund.

Ms. Soukhaseum described Eide Bailly’s responsibilities as the auditing firm. Eide Bailly is providing an unmodified, clean opinion of the District’s financial statements. This is the highest rating possible. No exceptions were found. She also discussed the new GASB statements implemented by the District, net pension liability and net OPEB liability. Ms. Soukhaseum stated that she did not see any other GASB pronouncements that would impact the District. She stated there were no corrected statements and no disagreements with staff.

Trustee Hatch thanked Ms. Soukhaseum and Brenda Manriquez for all their efforts in thoroughly reviewing our financial statements and preparing the ACFR. GM Deutsch commented that he will be looking forward to getting a proposal from Eide Bailly in response to the RFP that will be going out for the next auditing firm engagement. Brenda Manriquez stated that the District has enjoyed a great relationship with Kinnaly and her team and she is looking forward to seeing how the RFP process concludes.


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ITEMS FOR FUTURE AGENDAS

GM Deutsch said he hopes to have an update out next week on where staff feels they should go with pre-need sales at El Toro Memorial Park.

BOARD COMMENTS - None

ANNOUNCEMENTS

A. CAPC Annual Conference, March 10-12, 2022 at Monterey Bay, CA

Trustee Marroquin-Waldram, and Chair Rivers are planning to attend the conference.

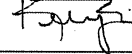
The next regular meeting will be held on **Tuesday, April 5, 2022**, at 10:00 a.m., at the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

There being no further business, the meeting was adjourned at 11:25 a.m.

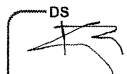


Secretary

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CHAIR


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