

ORANGE COUNTY CEMETERY DISTRICT  
Board of Trustees  
March 6, 2018

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Kelly Rivers at 11:00 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 Nelson  
Roll Call by Mary Funk, Secretary.

PRESENT: Kelly Rivers, Chair Second District  
Cynthia Ward, Vice Chair Fourth District (Arrived at 11:18 a.m.)  
William E. Nelson Third District  
Noel Hatch Fifth District

ABSENT: Maribel Marroquin First District

Staff: Tim Deutsch, General Manager  
Dianna Torrence, Administrative Manager  
Brenda Manriquez, Staff Accountant  
Mary Funk, Board Secretary

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

**CONSENT CALENDAR**


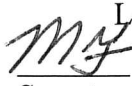
- A. Approval of Minutes – Regular Board Meeting, February 6, 2018.
- B. Approval of March 2018 Check Registers (Claims) Nos. 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, and 146.
- C. Approval of the Investment Policy for 2018.

MOTION of Trustee Nelson, seconded by Trustee Hatch and carried by a vote of 3-0 (Vice Chair Ward and Trustee Marroquin absent for the vote), approved the Consent Calendar.

**GENERAL MANAGER REPORTS**

**Interments and Interment Space Sales Reports – January 2018**

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


			<u>2017-2018</u>	<u>2016-2017</u>
ANAHEIM	Interments	8 (4 Urn)	43 (26 Urn)	33 (11 Urn)
 Chair	Lot Sales	2	18	10
	 Secretary			

EL TORO	Interments	67 (21 Urn)	367 (124 Urn)	327 (122 Urn)
	Lot Sales	55	390	368
SANTA ANA	Interments	36 (5 Urn)	201 (28 Urn)	212 (34 Urn)
	Lot Sales	24	169	211
TOTAL	Interments	111 (30 Urn)	611 (178 Urn)	572 (167 Urn)
	Lot Sales	81	577	589

GM Deutsch noted that there was an error in his memo. The figure for YTD Total Interment Space Sales for El Toro Memorial Park should be 390, not 330. GM Deutsch reported that the District was very busy in January. Anaheim had 8 interments, which is the busiest they have been since June 2017. He noted that El Toro Memorial Park has a higher percentage of casket interments at 66% when compared to last year at 62%. This is partly due to the increase in referrals from Santa Ana Cemetery that has a high percentage of Latino families who typically choose casket interments. The District does not follow the industry standard for this statistic. Overall, the District had 611 services YTD and GM Deutsch thinks that it is very likely the District will exceed 1,000 interments and 1,000 space sales by the end of the fiscal year. He noted that there are seven groundskeepers at El Toro, Six at Santa Ana, and two at Anaheim. Staff will go to different locations to assist each other as the need arises.

Santa Ana is beginning two additional road closures this month in an effort to develop more full casket spaces for families. Because Santa Ana is limited in the areas where burials can occur, they are finding it problematic when back to back services are scheduled. It reduces privacy for families and creates congestion and traffic issues with two services running in to each other when one is arriving and one is trying to depart. Therefore, we have issued a notice to all mortuaries who deal regularly with Santa Ana that, effective immediately, Santa Ana will only conduct two full casket interments a day, with one in the morning and one in the afternoon. Three services may be possible if the third is a cremation interment or an infant burial.

Trustee Hatch asked how the changing demographics of the county impact the District. GM Deutsch answered that it is not impacting Santa Ana and Anaheim, but as we continue to get more referrals to El Toro from Santa Ana, El Toro is seeing an increase in the number of Latino families it is serving. Trustee Hatch asked how the Asian population approaches interment services. GM Deutsch said that, culturally, there is not much that the District has to do. Sometimes they have special considerations for feng shui, which we do our best to accommodate. GM Deutsch said that Persian families have the most religious and cultural requirements with almost all needing casket burials. Some still avoid the concept of a double-depth grave, although even in side-by-side arrangements, the District still requires the first interment to be placed at the lower level. Trustee Hatch noted the importance of finding more land for a fourth cemetery. General Counsel Quintanilla also said that some districts have had issues with Islamic families opening caskets to turn loved ones to face a particular direction. GM Deutsch said, while we do not allow caskets to be opened once they are on cemetery property, we have encountered requests to turn the casket in the opposite direction, so the head is actually at the foot of the grave.

  
Chair

  
Secretary

**Financial Reports – January 2018**

The Board reviewed the Financial Reports for January 2018. Brenda Manriquez reported that the District received a good amount of property taxes in January, including about \$60,000 in Redevelopment Taxes. The District receives about \$12,000 a month in interest. The notable expenses included the 1400 Maintenance Buildings and Improvements fund with a payment of \$71,806 for tree trimming and pruning, increases in dirt hauling, waste disposal and building/grounds repairs. Also, the 2800 Account for Utilities was over by \$35,591 due to the timing of payments to the Orange County Water District for Santa Ana and Anaheim. That payment was made in February 2017 last year as opposed to January 2018 this year.

Equipment purchased includes a Hurricane Stand-on Blower for \$10,075 for El Toro and a 100 Gallon Poly Tank Sprayer for Anaheim that cost \$4,393.

The current year expenditures include all payments to Fast-Track Construction for the Santa Ana and Anaheim niche project. We are also starting to make payments for design and engineering for the Public Restroom/Septic Tank Project and El Toro Niche Project.

The Balance Sheet showed nothing out of the ordinary and we will be discussing fund balances later in the meeting. Trustee Hatch asked if the past Orange County bankruptcy effected us. Trustee Nelson stated that almost everyone who had money in the County lost something. Trustee Nelson also commented that he gave copies of our financial statements to Frank Davis who was recently hired by Villa Park as their Finance Manager. Trustee Nelson wanted to show him an example of the kind of reporting he would like to see from his city. Trustee Hatch asked if staff ever got to a point in the budget when the numbers weren't coming in as expected. GM Deutsch said that, yes, on occasion they have had to make budget adjustments. Brenda Manriquez noted that very little surprises them at this point. Trustee Nelson stated that staff does an excellent job with budgeting and tracking. There was a brief discussion on how well the District has managed its unfunded pension liabilities.

**February Investment Portfolio Changes**

GM Deutsch explained that for the month of February the District purchased one new investment, the Norco Community Redevelopment Bond for \$85,0000.

Trustee Ward arrived.

**Capital Projects Update**

The Board reviewed the Capital Projects update. GM Deutsch Deutsch stated that he and Counsel Quintanilla have reviewed the contractor's agreement for the new niche and restroom remodel projects. He also announced that there will be a pre-construction meeting on Tuesday to go over a preliminary schedule with target dates for completions for various points of the projects. This includes all five projects listed on the Capital Projects Update with the exception of the Santa Ana Road Closure Project. The Fixed Asset report includes the authorization for the upcoming construction project. For Equipment, the only piece that still needs to be ordered is the golf cart for Santa Ana.

  
Chair  
Secretary

**The Strategic Plan Dashboard**

GM Deutsch stated that in the search for land for a fourth cemetery, staff did send out a letter via email to every City Manager in Orange County introducing the District, explaining our need for land, and requesting their assistance. We also sent them a PDF copy of the newsletter and added them to our mailing list. We have had several responses back from the letter, although none of them have any appropriate and available parcels.

Trustee Nelson asked if cemeteries are zoned as Open Space. GM Deutsch answered that Open Space is a permitted use for cemeteries and usually the most common. Trustee Nelson said that he saw Carolyn from LAFCO and she suggested that we talk to developers when they are trying to get projects approved. GM Deutsch answered that cemeteries are not often viewed as a needed public use. He also added that if a parcel is not zoned as Open Space, it is probably going to be too expensive for the District to acquire. Trustee Hatch asked if it is even possible to find appropriate land in Orange County. GM Deutsch felt that it certainly was possible and is confident the District will be able to acquire land. Of all the parcels he has explored, he feels the Gypsum Canyon site offers the best potential as it has it's own off ramp, the intent for use matches our needs and there are no neighbors nearby who could object. The property is in Todd Spitzer's District and we are waiting to see how the June elections unfold before pursuing this site any further. We have also informed the other Supervisors about our need for land. Trustee Ward said that education is needed to demonstrate to people why a cemetery is important.

GM Deutsch stated that staff has started sending family surveys out again along with a letter of condolence and general information on the cemetery. A summary of the responses for the fourth quarter of the calendar year was attached to the board report. All of the responses were very positive and even the one survey that had a negative comment still said they would recommend the District to family and friends. Trustee Hatch commented that a 22% return rate is a good return.

GM Deutsch announced that total annual District revenues continue to exceed total annual District expenditures.

GM Deutsch also noted that the survey responses all indicated good sensitivity by staff to the cultural and religious needs of the families the District serves.

For Board Member participation in conferences and training, GM Deutsch reported that both Trustee Hatch and Chair Rivers are scheduled to attend the Special District Leadership Academy in April. Trustee Marroquin still needs to sign up for Governance Training and complete the required Ethics and Harassment trainings. Staff will see if she can attend the next Leadership Academy in July so that we can maintain our Gold status.

**Vivien Owen Memorial Garden Dedication**

GM Deutsch reported that staff has installed the memorial name plaque and bench completing the Vivien Owen Memorial Garden and he would like to schedule a small dedication ceremony. He has reached out to Vivien's family to see when they are available and who may be interested in attending. GM Deutsch thought it would be best to have it during a weekday in the late afternoon as the weekends at Santa Ana Cemetery can be very busy with visitors.

  
Chair  
Secretary

Vice Chair Ward suggested that we contact the Tustin Historical Society since Vivien was so instrumental to that organization and invite them to attend as well. GM Deutsch said he would inform the board about the date and time of the dedication as soon as he heard back from Vivien's family.

## **UNFINISHED BUSINESS - None**

## **NEW BUSINESS**

### **Investment Fund Transfers**

GM Deutsch stated that the Finance and Investment Committee met on Wednesday, Feb. 28<sup>th</sup> and reviewed all the fund balances to determine what monies could be transferred to increase yields. GM Deutsch also explained that previously the Board had given him the authority to transfer excess funds from the Endowment Principal Fund to an outside advisor without having to get Board approval each time. The Committee recommends giving him the same ability for the Pre-Need Fund. When the balance in the OCIP Pre-Need fund exceeds at least \$350,000, GM Deutsch will be able to automatically transfer a minimum amount of \$100,000 to Kreisler/Fund X, while leaving a minimum balance of \$250,000 in the OCIP fund.

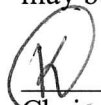
GM Deutsch also briefly explained that one of the investors we chose to manage Pre-Need funds was Edward Jones. However, there now exists a conflict of interest and Edward Jones can no longer invest our funds. GM Deutsch explained that Banker's Trust who holds the funds for Edward Jones is managed by Fidelity. Fidelity and Edward Jones are competitors in managing investment funds for individuals. So now any time funds mature in Edward Jones we transfer the funds to Kreisler/Fund X.

There is currently \$485,343 in the Pre-Need Fund in the Orange County Investment Pool (OCIP) which is earning 1.171%. The committee recommends transferring \$235,000 from the OCIP to Kreisler/Fund X.

**MOTION** of Trustee Hatch, seconded by Trustee Nelson and carried by a vote of 4-0 (Trustee Marroquin absent for the vote), authorized the General Manager to execute financial documents for the transfer of Two Hundred Thirty-Five Thousand Dollars (\$235,000) from the Pre-Need Fund in the Orange County Investment Pool (OCIP) to the Pre-Need Fund with Kreisler/FundX. The Board also authorized the General Manager the ability to execute the transfer of future funds of One Hundred Thousand Dollars (\$100,000) or more from the Pre-Need Fund in the OCIP to the Pre-Need Fund with Kreisler/FundX, while maintaining a minimum balance of Two Hundred Fifty Thousand Dollars (\$250,000) in the OCIP.

### **County of Orange Changes to Processing Board Member Compensation**

GM Deutsch summarized that the County of Orange Auditor-Controllers office sent a letter to all Trustees regarding the IRS requirement about tax withholding for compensation received as a District Board of Trustee. One of the concerns expressed by the Board was the idea that Trustees would be treated as an "employee" for income reporting purposes. They questioned whether this would create a conflict of interest for those Trustees who also hold political offices where they may be reviewing and approving a "County of Orange" contract, agreement or any other official

  
Chair

  
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documents. Trustee Nelson thought that it didn't make sense to be employees of the county and asked if it actually meant our Trustees would be considered employees of the District. GM Deutsch agreed that he thought it meant Trustees would now be employees of the District and that it is only meant to be a change in the way Trustees are paid. Counsel Quintanilla explained that it is not a conflict of interest. Generally, there is a potential financial conflict of interest if a decision you are making as a council member impacts an employer. The exception is, if that employer is a public agency and for compensation purposes you are an employee of the District. So, there is no conflict. If you serve as an elected official you would not have to recuse yourself on an issue regardless of whether or not it concerned the County or our District.

Vice Chair Ward asked that if Trustees are now considered employees of the District, are Trustees, then, eligible for benefits such as health insurance. Trustee Nelson said that they would not be eligible, because Trustees do not work at least 30 hours in a week. Trustee Nelson stated that it makes sense from an IRS standpoint, for them to get their money upfront. There was some discussion about the withholding of medicare and social security that cannot be avoided. There was some question on whether or not Trustees needed to complete W-4's to determine the amount of tax to be withheld. The question arose as to how many districts pay their Trustees through 1099's as opposed to W-2's. GM Deutsch said that more Districts treat Trustees as W-2 employees than those using 1099's.

#### **Resolution 2018 – Change the time of Regular Board Meetings**

GM Deutsch reminded the Board that at the February Board Meeting everyone agreed that the time of the Regular Board Meetings should be changed from 11:00 a.m. to 10:00 a.m. This seemed to work well with everyone and opens up the full afternoon.

**MOTION** of Trustee Ward, seconded by Trustee Hatch and carried by a vote of 3-1, approved Resolution No. 2018-02, A Resolution of the Orange County Cemetery District Board of Trustees, designating the date and time of Regular Board Meetings.

Since the vote was not unanimous, a roll call vote was taken. Chair Rivers, Vice Chair Ward and Trustee Hatch all voted in favor. Trustee Nelson was opposed. Trustee Nelson stated that he attends the ISDOC Executive Committee Meetings and they are always held in the morning in Fountain Valley before our Board Meeting. If the District Board Meeting starts at 10:00 a.m. it may be difficult for him to arrive on time. However, Trustee Nelson did say he was willing to try it and see how it goes. He also requested a change of pace in the lunch menu and suggested we try ordering out from Mimi's Restaurant for something new.

#### **ITEMS FOR FUTURE AGENDAS**

Nothing was noted.

#### **COMMITTEE REPORTS**

##### **Communications and Public Relations Committee Meeting, Feb. 27, 2018**

Chair Ward reported that the Committee discussed the calendar of events for fiscal year 2018-19 and what kind of budget each event would require.

  
Chair

  
Secretary

They also discussed planning for the upcoming El Toro Memorial Park Historical Tour which is scheduled for April 21<sup>st</sup>. We are working with Orange County School of the Arts who will provide student actors to portray approximately 20 to 22 historical figures represented on the tour. Staff is in the process of writing scripts. We need to plan for costumes and props. A rehearsal will take place the weekend before on April 15<sup>th</sup>. Trustee Hatch asked if this is an annual event and if we have ever done this before. GM Deutsch explained that we did something similar at El Toro's 100<sup>th</sup> Anniversary. He also mentioned the recent night time historical walk that took place at Anaheim Cemetery for their 150<sup>th</sup> Commemoration. Trustee Hatch commented that events like this humanize the cemetery. Vice Chair Ward agreed saying that in our very transitory society, it connects you to your community.

Vice Chair Ward stated that the Committee also reviewed goals set in the public relations plan.

### **Finance and Investment Committee Meeting, February 28, 2018**

Chair Nelson reported that the Committee discussed the mid-year budget and determined the District is on track with no adjustments needed. They also discussed the schedule for budget preparation and should present the final budget to the Board on July 3<sup>rd</sup>. The Committee reviewed the investment strategy for 2018 and, as discussed earlier in the meeting, will be moving investments that mature from Edward Jones over to Kreisler.


Trustee Nelson stated that Brenda Manriquez had come across an educational document put out by GFOA that helps people who may be new to public finance get a better understanding of financial terminology and how to read financial statements. Staff will be presenting this to the Board at an upcoming meeting with examples from the District's own financial statements and should be a very helpful educational tool.

The Committee also discussed the cell tower lease, which Crown Castle is currently trying to negotiate for an extension. Trustee Nelson is unsatisfied with their offer and explained that there is another issue that needs to be resolved before any lease is extended. Staff discovered that the high voltage electrical lines and telecommunication lines which were supposed to fall within a landscaping easement, were incorrectly placed and actually run through approximately 81 interment spaces making them unusable for interments. This could potentially cost the District \$366,525 in lost sales and services. There was some discussion about how the mis-location of the lines occurred. The Board agreed with the committee's recommendation that the lines should be relocated correctly before any lease extension is negotiated.

### **BOARD COMMENTS**

#### **CAPC Annual Conference, San Luis Obispo, February 22-24, 2018**

Chair Rivers reported that she enjoyed the conference and was most interested in the presentation by Mark Velasquez about liability for dangerous conditions in cemeteries. The presentation was about a lawsuit brought against a cemetery when an upright marker fell onto a visitor. Trustee Nelson reported that the most important thing that happened was that Chair Rivers was elected to the CAPC Board. They talked briefly about Kelly's duties as a CAPC Board Member. He also mentioned the other presentations that were offered at the conference including the required ethics training. Communications Manager, Mary Funk also attended and reported on the Cemsites training.

  
Chair

  
Secretary

**ISDOC Executive Committee Meeting, Fountain Valley – March 6, 2018**

Trustee Nelson stated that he gave his report on CSDA and discussed the upcoming CSDA Board elections. He also talked about the new CSDA website debuting that day and the new CSDA Communities – open forum for sharing ideas and networking. GM Deutsch mentioned said he helped CSDA with the beta testing of the “communities” feature. Trustee Nelson also talked about the upcoming CSDA Legislative Days and its new format. The Legislative Days will be held May 22-23, 2018 and registrations must be received by April 23<sup>rd</sup>. Trustee Nelson explained how CSDA approaches legislative advocacy and how the Legislative Committee works.

Trustee Hatch asked if Special Districts are under attack by State Legislators. Trustee Nelson said that at times it feels as if all local government is under attack by State Legislators. Trustee Nelson stated that currently there are three CSDA Board Members who are from Cemetery Districts. The other two are Joel Bauer from West Side Cemetery District and Sandy Miller from Selma Cemetery District. Trustee Nelson also explained that Independent Special Districts have Board members who are appointed. Dependent Special Districts can replace Board members at any time.

**ANNOUCEMENTS**

The SDRMA Spring Education Day will be held in Sacramento on March 20, 2018. Cemetery Manager, Bill Stelter will attend.

The OCCOG General Assembly will be held on March 22, 2018 in Anaheim. Chair Rivers and Vice Chair Ward will both attend.

The ISDOC Quarterly Meeting will be held in Fountain Valley on March 29, 2018. Trustee Nelson, Vice Chair Rivers and GM Deutsch will attend.

The ISDOC Executive Committee Meeting will be held in Fountain Valley on April 3, 2018.

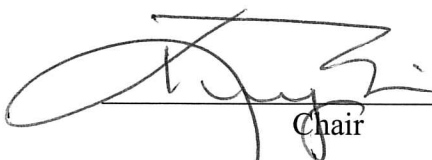
The next CAPC Local Area Meeting will be held on April 12, 2018 at Oak Hill Memorial Park in Escondido. GM Deutsch and Chair Rivers will attend.


The CSDA Board Meeting will be in Sacramento on April 20, 2018. Trustee Nelson will attend.


GM Deutsch also announced that LAFCO is accepting nominations for Regular and Alternate Special District Member Seats. Forms must be received by LAFCO no later than April 9, 2018.

The next regular meeting will be held on **Tuesday, April 3, 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 12:55 p.m.

  
Chair

  
Secretary

  
Chair

  
Secretary