

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
June 5, 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 Trustee Marroquin.
Roll Call by Board Secretary, Mary Funk.

PRESENT: Kelly Rivers, Chair Second District
Cynthia Ward, Vice Chair Fourth District (Arrived 10:07 a.m.)
Maribel Marroquin First District
William E. Nelson Third District
Noel Hatch Fifth District

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

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

PUBLIC COMMENTS - None

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, May 1, 2018.
- B. Approval of June 2018 Check Registers (Claims) Nos. 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192 and 193.

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

GENERAL MANAGER REPORTS

Interments and Interment Space Sales Reports – April 2018

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

			<u>2017-2018</u>	<u>2016-2017</u>
ANAHEIM	Interments	8 (4 Urn)	67 (36 Urn)	51 (19 Urn)
	Lot Sales	2	22	15


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EL TORO	Interments	41 (19 Urn)	529 (187 Urn)	497 (182 Urn)
	Lot Sales	46	550	533
SANTA ANA	Interments	21 (2 Urn)	282 (41 Urn)	318 (54 Urn)
	Lot Sales	13	220	322
TOTAL	Interments	70 (25 Urn)	878 (264 Urn)	866 (255 Urn)
	Lot Sales	61	792	870

GM Deutsch reported that Anaheim Cemetery had a 53% cremation rate which represents a 16.5% increase when compared to the previous year-to-date numbers. El Toro Memorial Park continues to carry the District with both space sales and interment services exceeding last year's numbers. GM Deutsch pointed out that even though overall activity is lower, the referrals coming from Santa Ana Cemetery to El Toro result in higher revenues as El Toro's interment space prices are higher.


Trustee Hatch asked how the District sets fees. GM Deutsch explained that for interment services the District must charge the true cost of services with indirect overhead. Interment spaces are priced to keep in line with the District's mission of offering Orange County Residents the most affordable interment spaces available in Orange County. GM Deutsch also mentioned the Endowment Study which provided fee recommendations to the District to ensure our ability to operate in the future, as the District cannot rely on property tax revenues to always be a resource for the District.

Trustee Ward arrived at 10:07 a.m.

GM Deutsch stated that Santa Ana Cemetery numbers continue to drop with only 13 space sales for the month of April, down from 44 for the same period last year. This is because Santa Ana inventory is dwindling and they are now only selling casket space to at-need families.

GM Deutsch also said that the bulk of public administrator cases take place at Santa Ana Cemetery with approximately 12 to 15 cases per year. For these interments, where there is no next of kin or estate, the District accepts reduced fees although we attempt to collect full Endowment Care Fees if possible. GM Deutsch stated that in April a public administrator had two cases at the same time and we were able to use one double-depth space to accommodate both burials with costs divided equally between both cases. GM Deutsch would like to revise the policy which governs interments for which the County is responsible to allow the district to use both upper and lower casket spaces for these interments so no space is wasted as unused. Trustee Hatch asked if there was a limit to the number of public administrator cases the District will handle. GM Deutsch answered that there is not a limit, and to date, the numbers of these cases have been manageable. Trustee Hatch asked if there was a certain section of the cemetery designated for public administrator cases. GM Deutsch said that there is not and the District uses the least desirable spaces. When we develop a fourth cemetery, GM Deutsch plans to designate a specific area for these interments.

Some discussion followed on the Rose Garden direct cremation burials that took place at El Toro Memorial Park from approximately 2000 to 2004. These interments were in cooperation with UCLA for deceased people who had donated their bodies to the University for scientific


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research. GM Deutsch estimated that there are approximately 800 to 1,000 interments that took place with UCLA during this time.

Financial Reports – April 2018

The Board reviewed the Financial Reports for April 2018. Brenda Manriquez stated that the bulk of the property tax distributions have been received. Interest with CalTRUST is doing quite well. Revenue from interment space sales and interment services is just slightly down from the budget as was just discussed. One piece of equipment was paid in April. The Balance Sheet is not showing anything out of the ordinary. The District is building cash with just over \$3 million in the General Fund. Staff is intentionally letting cash accumulate as it anticipates large payments coming due in the near future for the El Toro Niche capital project now under construction. The same is true for the large “unassigned” fund balance that appears on the Balance Sheet. Most of the anticipated revenues are at 100% of budget.

There was some discussion about the District’s position with unfunded liability. Brenda Manriquez stated that we currently have a credit, but OCERS is going to their Board on Thursday with the new valuation and this will most likely result in our District having an unfunded liability. Brenda Manriquez and GM Deutsch recommended that our District waits until we get firm numbers from OCERS and then the Finance and Investment Committee can recommend to the Board whether it should take action to pre-pay any unfunded liability.

May Investment Portfolio Changes

GM Deutsch reported that only one investment matured in May. A two-year SAFRA Bank CD matured that had been earning .85%. A five-year CD with Morgan Stanley Bank was purchased with a yield of 3.25%.

Capital Projects Update

GM Deutsch suggested that any Trustees who had not gone up to see the El Toro Niche construction site, might want to view it before they leave. A huge amount of dirt has been excavated and is being trucked to the County landfill in Brea. We do not have to pay to dispose of it in Brea, but we do have to pay Linnes Services for dirt hauling. GM Deutsch mentioned that he had stopped by the Great Park site in Irvine where they are looking for fill dirt and is hoping to get permission for Linnes to deliver dirt to this closer location. He also received a project schedule from the contractor. The plan is to focus on the construction efforts here at El Toro first. The contractor estimates that the niche project will be complete in late September or early October. The restroom modifications at Santa Ana should be complete by December and the Anaheim restroom remodel should be done sometime in January 2019. Although this will extend the overall length of the project it will allow less disruption at Santa Ana and Anaheim because work there will not be spread out among other locations.

Trustee Hatch voiced concerns over the photograph in the Board report showing the irrigation wiring at the El Toro Project. GM Deutsch explained that it is necessary to relocate the three irrigation controllers that had been located next to the California Edison box and meters. They also discovered that a tree root had disrupted the wiring and required repair. In the process of relocating the controllers, the grounds at El Toro Memorial Park were without sprinklers for approximately two weeks. Luckily, the weather cooperated and little impact was made on the condition of the grass. Trustee Hatch noted a section of grass near the project that was in poor


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condition. GM Deutsch explained that this grass will be eliminated to make room for the additional parking spots required by the City of Lake Forest for the new niche project. GM Deutsch is considering posting signs explaining that the area is under renovation and apologizing for any inconvenience.

GM Deutsch reported that the lawns at Santa Ana Cemetery for the most recent road closures have grown very well. They want to give the lawns as much time as possible to become firmly established before they open the area up for sale in July. Undoubtedly as heavy equipment goes on these lawns to open graves, damage will occur and reseeded will need to take place.

Trustee Marroquin noted that AB 1912 did pass.

The Strategic Plan Dashboard

GM Deutsch said that the District is continuing to stay ahead of the demand for inventory with two small lawns scheduled to open for sale in July from the road closures just completed at Santa Ana Cemetery.

The Finance and Investment Committee will be meeting on June 11th, followed up by a meeting of the Ad Hoc Committee for Land Acquisition and New Cemetery Development to discuss possible parcels and strategies for finding land.

The District has received 162 referrals from families based off of surveys and information gathered from first call sheets.


Revenues continue to exceed expenses. GM Deutsch explained that the large \$1,053,307 difference between revenues and expenses is because staff is allowing cash to accumulate in anticipation of large payments coming due for the El Toro Niche Project.

In regards to community programs, for FY 2017-18, Anaheim Cemetery has had four events, Santa Ana has had three events, and El Toro has had five events. Chair Rivers stated that she would like the Communications and Public Relations Committee to meet as soon as possible to start planning the Fall events for 2018.

Trustee Stipend Payments and Tax Withholding

GM Deutsch explained that the Stipend Payments Board Report included in the agenda gives the standard deductions that the County is applying to Trustee payments. He stated that if Trustees did not want to have federal taxes withheld they were instructed to complete a W-4 and claim “exempt”.

Trustee Nelson stated that you can only claim exempt if you have no tax liability and most people have some tax liability. He went on to say that he had researched the issue and disagreed with several points. He stated that trustees do not receive stipend payments, but rather compensation. He also said that to classify those payments as “Supplemental Pay” was incorrect according to the IRS definition of supplemental pay. He further argued, as the letter from Jerry El. Holmes from the Department of the Treasury – IRS confirmed, appointed officials may be either employees or independent contractors. Trustee Nelson recommended that the District contact the County and request that the Trustees of the Orange County Cemetery District be


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treated, once again, as independent contractors with compensation reported on 1099s. If the County refuses to comply with this request, the District should outsource Trustee compensation payments from the County to an outside source. The other Trustees agreed that this was a good plan and thanked Trustee Nelson for the research he did. GM Deutsch said that he would meet with Brenda Manriquez and Dianna Torrence to explore the option of outsourcing Trustee compensation if the County cannot comply with this request. GM Deutsch said he would also consult with the auditors to make sure they approved. Staff will bring this issue back to the Board at the July meeting. It was recommended that staff hold off on processing any Trustee Compensation with the County until the Board meets again in July.

OC LAFCO Election Results

GM Deutsch reminded the Board that at the May Meeting, the Board had voted for Douglass Davert for the Orange County Local Area Formation Commission Regular Special District Member Seat, and for Robert Ooten for the Alternate Special District Member Seat. The election results had been received by Staff and Douglass Davert was elected for the Regular Special District Member Seat. James Fisler was elected for the Alternate Special District Member Seat.

UNFINISHED BUSINESS - None

NEW BUSINESS

Foreseeable Future of Interment Space & Niche Inventory

GM Deutsch explained that as space dwindles at Santa Ana Cemetery, it would be prudent to consider limiting where possible the interments of Eligible Non-Residents. One criteria in the Health and Safety Code that allows staff to limit interments, is if the available inventory of interment space is inadequate to meet demand in the “foreseeable future”. In order to implement this criteria, the Board must determine the meaning of “foreseeable future” in the context of the interment of certain categories of non-residents.


GM Deutsch recommended that any cemetery may limit the interment of certain non-residents if staff determines that the cemetery will not have an adequate inventory of interment spaces for the subsequent five years to accommodate the average number of interments of the previous three years.

MOTION of Vice Chair Ward, seconded by Trustee Nelson and carried by a vote of 5-0, adopted Orange County Cemetery District Resolution 2018-03, which determines the meaning of “Foreseeable Future” in the context of the interment of certain categories of non-residents.

ITEMS FOR FUTURE AGENDAS

Nothing was noted.

BOARD COMMENTS


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Anaheim Memorial Day Program, May 28, 2018

Vice Chair Ward reported that it was a very successful program but noted that the crowd seemed a bit smaller than in years past. She stayed for the lunch hosted by the American Legion and learned that 2019 will be the 100th anniversary of the founding of the American Legion and Post 72 will be working on a large celebration.

El Toro Memorial Park Memorial Day Program, May 28, 2018

Chair Rivers reported that El Toro also had a wonderful program but noted that the Mistress of Ceremonies did have some problems. Approximately 350 to 400 people attended the program. Vice Chair Ward noted that she had seen on Facebook that Rev. Christopher McCullough had passed away. He had been a long-time participant in our Veterans Day and Memorial Day observances.

Santa Ana Cemetery Memorial Day Program, May 28, 2018

Trustee Marroquin, Trustee Nelson and GM Deutsch all attended the Santa Ana Memorial Day Program. Trustee Marroquin noted that she felt the elected officials' speeches were too long. Trustee Nelson complimented Tustin Council Member Dr. Allan Bernstein as the only elected official to stay for the entire program.

Dedication of Vivien Owen Memorial Garden, Santa Ana Cemetery, May 28, 2018

Trustee Nelson, Trustee Marroquin and GM Deutsch attended the dedication. Trustee Nelson reported that it was very nice private gathering with Charlie Owen and his family. Trustee Marroquin and Trustee Nelson did the unveiling of Vivien Owen's memorial name strip.

ISDOC Executive Committee Meeting, Fountain Valley, June 5, 2018

Trustee Nelson reported that he gave an update on upcoming CSDA events including the required Sexual Harassment Prevention Training being offered in Riverside on July 18th, the Coaching within the Workplace workshop in Costa Mesa on September 5th, and the CSDA Annual Conference being held in Indian Wells from Sept. 24-27, 2018.

ANNOUNCEMENTS

The next ISDOC Quarterly Meeting will be held in Fountain Valley on June 28, 2018. Trustee Nelson, Chair Rivers and GM Deutsch will attend.

The ISDOC Executive Committee will meet in Fountain Valley on July 3, 2018. Trustee Nelson will attend.

The Special District Leadership Academy is being held in Napa from July 8-11, 2018. Trustee Marroquin will attend.

The CSDA Annual Conference is being held in Indian Wells on September 24-27, 2018. GM Deutsch, Chair Rivers, Trustee Nelson and Trustee Marroquin will attend.

The next regular meeting will be held on **Tuesday, July 5, 2018**, at 10:00 a.m., at the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.


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GM Deutsch mentioned that the next CAPC Local Area Meeting will likely be held at El Toro Memorial Park in October when the niche project is completed.

There was some discussion on the various awards for Special Districts through CSDA. Award nominations are due by July 20th.

CLOSED SESSION

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

The Board adjourned to closed session at 11:28 a.m..

The Board reconvened from closed session at 11:42 a.m. Steve Quintanilla of Law Offices of Quintanilla and Associates stated that no reportable action took place in closed session.

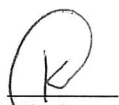
There being no further business, the meeting was adjourned in honor of Christopher McCullough, member of VFW Post 6024, the El Toro Memorial Park Planning Committee, and faithful participant in El Toro Memorial Park’s military programs.



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