

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
April 3, 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 Nelson.
Roll Call by Mary Funk, Secretary.

PRESENT: Kelly Rivers, Chair Second District
Cynthia Ward, Vice Chair Fourth District (Arrived 10:06 a.m.)
Maribel Marroquin First District
William E. Nelson Third District
Noel Hatch Fifth District (Arrived 10:15 a.m.)

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
Lisa Weaver, Law Offices of Quintanilla & Associates

PUBLIC COMMENTS


Chair Rivers recognized candidates who are running for seats on the Board for Orange County LAFCO. The candidates who were present to address the board included: James Fisler from Mesa Water District; Fred Adjarian with El Toro Water District; Doug Davert with East Orange County Water District; and Bob Ooten with Costa Mesa Sanitary District. James Fisler and Bob Ooten are both candidates for the Alternate Seat. Fred Adjarian and Doug Davert are both candidates for the Regular Member Seat. Each candidate addressed the board and spoke about their experience and qualifications. GM Deutsch informed the candidates that at this meeting, the Board would only be considering nominations for these seats. After all the candidates were done addressing the Board, Chair Rivers thanked them all for coming and they left the meeting at that time.

AWARDS AND COMMENDATIONS

Chair Rivers presented Trustee Nelson with a plaque honoring him for serving as Board Chair during 2017. This was the fourth term Trustee Nelson has completed as Board Chair.

CONSENT CALENDAR

A. Approval of Minutes – Regular Board Meeting, March 6, 2018.


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- B. Approval of April 2018 Check Registers (Claims) Nos. 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, and 161.

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

GENERAL MANAGER REPORTS

Interments and Interment Space Sales Reports – February 2018

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


			<u>2017-2018</u>	<u>2016-2017</u>
ANAHEIM	Interments	9 (3 Urn)	52 (29 Urn)	40 (15 Urn)
	Lot Sales	1	19	10
EL TORO	Interments	59 (19 Urn)	426 (143 Urn)	372 (137 Urn)
	Lot Sales	58	448	409
SANTA ANA	Interments	23 (2 Urn)	224 (30 Urn)	248 (40 Urn)
	Lot Sales	16	185	247
TOTAL	Interments	91 (24 Urn)	702 (202 Urn)	660 (192 Urn)
	Lot Sales	75	652	666

GM Deutsch reported that Anaheim conducted nine interments in February and continues to be relevant for the community. Year-to-date Anaheim has completed 25 in-ground cremation interments. El Toro Memorial Park is seeing slight increases due to referrals from Santa Ana that is now only selling spaces to at-need families. El Toro has 102 niche spaces remaining which should last the District for about one more year. The timing of the new El Toro niche project is good with an anticipated groundbreaking toward the end of April. Santa Ana space sales are less with 16 space sales for the month of February. This is due to their inability to offer full casket spaces for pre-need purchase. Since the new niche feature has opened, they have already done five or six inurnments. Overall, the District has completed 702 interments for the fiscal year and sold 652 interment spaces. Of those sales, 77% were for full casket. This is opposite of the industry average for cremation rates. Due to our affordability, more families have the option of choosing a traditional casket interment.

Financial Reports – February 2018

The Board reviewed the Financial Reports for February 2018. Brenda Manriquez reported that revenues are good with property taxes coming in higher than the prior year and also when compared to the budget. The District is earning approximately \$12,000 to \$13,000 a month in interest. For expenses, Salary and Benefits are higher than last year and when compared to the budget. This is due primarily to the conversion of one part-time position to a full-time position. GM Deutsch stated that when the Finance and Investment Committee meets in May, they will discuss if any adjustments are needed to the budget.

Trustee Hatch asked if it was advantageous to do a two-year budget. GM Deutsch said that was certainly an option that the Finance and Investment Committee could explore when it meets


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again. Trustee Hatch noted that there does not seem to be anything major that would disrupt budget planning as the District is stable with both income and expenses.

Brenda Manriquez reported that for Services and Supplies, the 1400 Account – Maintenance Buildings and Improvements is higher due to increases in waste disposal and dirt hauling. This was offset by a decrease in temporary office support expenses at Santa Ana with a position moving from temporary to part-time extra help. Brenda Manriquez also noted that the 2800 Account for Utilities was higher due to an increase in the Orange County Water District Replenishment Assessment rate. GM Deutsch noted that last year the area also received more precipitation which allowed the District to rely less on irrigation.

Brenda Manriquez reported that the \$32,000 purchase of a Groundmaster Mower for Anaheim Cemetery is showing in this report.

The only thing of note on the Balance Sheet was the Interest Receivable line. Brenda Manriquez was not sure if this is going to be a new way of reporting from the County, but would monitor it in the future. She also commented on the Unassigned Fund Balance which is just over \$2 million. GM Deutsch said that the Finance and Investment Committee will recommend designations to get the Unassigned Balance down to \$1.5 to \$1.6 million while still maintaining 50% of the District’s operating budget. Trustee Hatch asked if Unassigned Funds are ever at risk. GM Deutsch said that we retain control regardless of the designation. Brenda Manriquez further explained that no one can physically take that money. We move it for perception to make it easier for the public to understand the long-term purpose of those funds. If unassigned funds are perceived to be money that is simply free and clear, some may question the need for support through property tax. By designating unassigned funds, we can clearly show why that money is necessary and how the District intends to use it.


GM Deutsch also explained that there are some areas of Orange County that do not contribute to the District’s tax allocation. If residents from these areas purchase space from the District, they are charged the “Non-Tax Payer Fee” which is \$400 for each casket space and \$200 for each cremation space.

March Investment Portfolio Changes

GM Deutsch explained that for the month of March the District purchased the Los Angeles Dept. of Airports Rev. Bond which will mature in May, 2020 for the Pre-Need Fund. Two bonds were purchased through Wells Fargo Advisors for the Endowment Principal Fund, both maturing in 2022, and an Ally Bank CD was purchased through Wells Fargo Advisors for the Endowment Income Fund. GM Deutsch stated that every time new investments are purchased he reviews the five-year ladder to fill in gaps as needed. Trustee Hatch asked when the next investment will mature. GM Deutsch said that a UBS bond will mature in thirty days.

Capital Projects Update

The Board reviewed the Capital Projects update. GM Deutsch stated that he attended a pre-construction meeting on March 13th with the contractor. The contractor will submit RFI’s to the District and our architect for clarification on products prior to ordering. GM Deutsch mentioned that the City of Lake Forest was going to require the District to obtain a grading bond, but after some discussion they agreed to waive this requirement.


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The Santa Ana road closures were delayed due to the rain. Staff is hoping to be done with demolition prior to Memorial Day and, when complete, the road closures should yield about 378 full casket spaces, which is more than the first estimate.

The only piece of equipment still to be ordered is the golf cart for Santa Ana.

The Strategic Plan Dashboard

In the search for land for a fourth cemetery, GM Deutsch stated that there has been no further response from the letters sent out to the City Managers on available parcels. There was some discussion by the Board on the Fairview Hospital parcel in Costa Mesa. It is a nice 60-acre parcel bordering a golf course which could be ideal for a cemetery, but discussions are currently underway to salvage the facility for use as a mental health facility for the homeless. GM Deutsch noted that the Laguna Niguel property is not ideal as it sits in the middle of a residential area. There was also discussion on the Gypsum Canyon parcel and Supervisor Spitzer's request to wait until elections take place in June before discussing the future of this land.

Counsel Quintanilla noted that each year by December 31st, the County must prepare an inventory of available land. GM Deutsch noted that when approaching the County in the past, they have indicated they would prefer leasing the land rather than selling parcels outright. Before land can be sold it has to be declared as surplus, then offered for uses such as housing, transit, and open space. The land must be sold at Fair Market Value.

Trustee Nelson wanted to explore the possibility of making it a requirement for developers to include open space in their planning. He feels that since developers are bringing more population into the area, they should also have to make provision so that there is land available to inter these people upon their deaths. Counsel Quintanilla recommended approaching the County Board of Supervisors and/or their staff so that the development of interment space is included as an objective in County planning. Counsel Quintanilla said he would research that further and follow-up with GM Deutsch. Vice Chair Ward expressed concern about requiring developers to bear the cost of creating open space as, politically, development is being encouraged with the goal to reduce developers' costs rather than increase them.

OCERS Year in Review

GM Deutsch reported that he and Brenda Manriquez attended a meeting with OCERS who gave a presentation on the "The Year in Review." The best news is that OCERS has done very well with investments this past year with a rate of return of 14.5% for fiscal year ending December 31, 2017. That is double what OCERS earned the previous year. During the presentation they described the Triennial Review that is used to evaluate assumptions, cyber security, and rates. In regards to rates, GM Deutsch said that OCERS is anticipating an increase in mortality rates which will, in turn, also cause our rates to increase. As long as OCERS continues to meet the 7% rate of return, they should be good for the next twenty years. GM Deutsch did note that the 14.5% rate of return experienced in 2017 will not impact rates for another two years. Trustee Nelson suggested creating an I-15 Trust which would allow the District to invest in equity and get a higher rate of return. GM Deutsch also mentioned that OCERS is going out to Santa Ana to assist staff in learning how to access their OCERS accounts on-line. GM Deutsch said that OCERS will also be willing to give an educational presentation to the Board if it was desired.



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Special District Risk Management Credit Incentive Program

GM Deutsch explained that each year the District participates in two programs offered by SDRMA. One program reduces our property/liability and workers compensation insurance premiums. Points are earned when staff and trustees attend training programs. The District always earns the maximum points possible. Next year, the District will have reached the five-year mark which will make us eligible for additional points and a greater reduction in premiums. The other program offers up to \$1,000 in reimbursement for the purchase of safety related training material or expenses. The District always earns the maximum \$1,000 reimbursement.

Trustee Nelson asked if Golden West had a program like this at the time we were using them. GM Deutsch said that they did have a program, but it was not as structured as what SDRMA offers.

El Toro Memorial Park Historical Tour Update

GM Deutsch updated the Board on plans that are in the works for El Toro Memorial Park’s first historical tour where actors bring scenes to life based on notable interments in the park. Volunteer actors are being supplied by the Orange County School of the Arts. Mary Funk has created a souvenir program and is working on coordinating the tour along with GM Deutsch to take place on Saturday, April 21st. The entire board is planning to attend. Chair Rivers and Trustee Ward are helping with costumes and will serve as docents on the tour. Trustee Marroquin also stated that she is willing to volunteer in any capacity needed. GM Deutsch said that our consultant, Jim McComb initiated work on this tour and secured the help of the Orange County School of the Arts. Our primary concern now is gathering costumes for next week. We are providing this program as a free service to the community. Saddleback Area Historical Society will be on hand to help with docents and to man a table to answer questions about the history of El Toro and to inform the public about Heritage Hill Historical Park. A dress rehearsal is scheduled for Sunday, April 15th. While the event is free, tickets will be available so that tour times can be reserved if requested.

UNFINISHED BUSINESS - None


NEW BUSINESS

Orange County LAFCO – Regular and Alternate Special District Member Seats

GM Deutsch reminded the Board that the deadline for submitting a nomination for either the Regular or Alternate Special District Member Seat is April 9, 2018. Trustee Nelson asked if the Board wanted to nominate anyone. Chair Rivers did not want to nominate anyone, because she felt that could be viewed as an endorsement. The Board had no other nominations. GM Deutsch said he would submit the Declaration of Qualification to Vote, listing Chair Kelly Rivers as the person eligible to vote on behalf of the District and Cynthia Ward as the alternate. The Board will take action at the May Board Meeting when they determine which candidate the District will support.

California Special Districts Association, Board of Directors Call for Nominations

Trustee Nelson stated that he is currently on the CSDA Board of Directors and has one more year to serve. Chair Rivers said that she would be interested in running after Trustee Nelson completes his current term. The Board had no nominations at this time.


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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).

The Board adjourned to closed session at 11:35 a.m.

The Board reconvened from closed session at 12:17 p.m. Steve Quintanilla of Law Offices of Quintanilla and Associates stated that no reportable action took place in closed session.

BOARD COMMENTS

SDRMA Spring Education Day, Sacramento – March 20, 2018

GM Deutsch reported that Anaheim Cemetery Manager, Bill Stelter attended this one-day seminar. He is required to be certified every two years.

OCCOG General Assembly, Anaheim – March 22, 2018

Chair Rivers reported that it was worthwhile to attend. She enjoyed the motivational presentation by the Navy Seal in the morning segment. Vice Chair Ward also attended stating that it was an interesting day with a lot of vendors present. We are members of OCCOG through ISDOC.

ISDOC Quarterly Meeting, Fountain Valley – March 29, 2018

Trustee Nelson stated that the keynote speaker was Neal Kelley, the Registrar of Voters for Orange County. He gave an interesting presentation on the voting process and protecting against cyber hacking and ensuring the integrity of elections here in Orange County. Chair Rivers and GM Deutsch also attended and agreed that he gave a very good presentation.

ISDOC Executive Committee Meeting, Fountain Valley – April 3, 2018

Trustee Nelson reported that the most interesting part of the meeting was the presentation on Special District contributions to LAFCO and determining how that should be allocated. Some on the Ad Hoc Committee want it structured by the revenues of each district. This would result in an increase for our District of approximately \$669.00. Larger water districts and Vector Control will see more substantial increases if it is allocated by revenue.

ANNOUNCEMENTS

The CAPC Local Area Meeting will be held at Oak Hill Memorial Park in Escondido on April 12, 2018. Trustee Nelson, Chair Rivers and GM Deutsch will attend along with other staff members from the District.

Trustee Hatch and Trustee Rivers will attend the Special District Leadership Academy in Monterey from April 15th to the 18th. As a return attendee, Chair Rivers will participate in the advanced track of seminars and workshops.


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

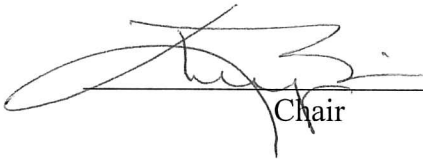
El Toro Memorial Park will be hosting free historical tours on April 21st. All the Trustees are currently planning to attend. Chair Rivers, Vice Chair Ward and Trustee Marroquin will all be serving as volunteers that day.

The ISDOC Executive Committee will meet in Fountain Valley on May 1, 2018. Trustee Nelson will attend.

The CSDA Special District Legislative Days will be held in Sacramento from May 22nd to the 23rd. No one from the District will be attending this year.

The next regular meeting will be held on **Tuesday, May 1, 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 12:28 p.m.



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