

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
March 2, 2021

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order via video conference by Chair Marroquin at 10:01 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 Vice Chair Nelson.
Roll Call by Board Secretary, Mary Funk.

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

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

ALSO PRESENT: Steve Quintanilla, General Counsel

PUBLIC COMMENTS - None

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, February 2, 2021.
- B. Approval of the March 2021 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 2021.


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

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – January 2021

The following interment and interment space sales for January 2021 were reviewed:

| | | | <u>2020-2021</u> | <u>2019-2020</u> |
|---------|------------|------------|------------------|------------------|
| ANAHEIM | Interments | 11 (7 Urn) | 58 (36 Urn) | 50 (33 Urn) |
| | Lot Sales | 8 | 31 | 23 |

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|-----------|------------|--------------|---------------|---------------|
| EL TORO | Interments | 89 (18 Urn) | 523 (157 Urn) | 415 (144 Urn) |
| | Lot Sales | 116 | 694 | 497 |
| SANTA ANA | Interments | 24 (6 Urn) | 187 (60 Urn) | 184 (48 Urn) |
| | Lot Sales | 7 | 80 | 92 |
| TOTAL | Interments | 124 (31 Urn) | 768 (253 Urn) | 649 (225 Urn) |
| | Lot Sales | 131 | 805 | 612 |

GM Deutsch reported that activity has not slowed down and has actually increased in some categories. Anaheim had a busy month with 8 interment space sales and 11 interments. Two of those interments were COVID related. Santa Ana Cemetery had 7 interment space sales and 24 interments with 50% of those interments being COVID related. El Toro Memorial Park had 116 interment space sales of which 104 were for casket space. El Toro conducted 89 interments with 28 of those being COVID related. That number is 30 interments higher than for January of 2020. It also marks a record number of interments in one month since El Toro’s inception, including months when cremains were accepted for Rose Garden Placement from UCLA.

GM Deutsch mentioned that he has heard that FEMA is working on a plan where families who have suffered a COVID related death can apply for up to \$7,500 of assistance for funeral expenses.

Overall, the District completed 124 interments in January and sold 131 interment spaces. At the current rate of sale, we will eclipse the 1,000 mark in both categories within the next couple of months. The split between Pre-Need and At-Need is about 50/50. To date, staff has completed 123 COVID related interments. Comparing year-to-date, the District is up on interment space sales by 193 sales. The District is up by 119 interment services when compared to the previous year. GM Deutsch stated that he is monitoring available inventory at El Toro and when it drops below 1,500 remaining available spaces the District will consider limiting sales to At-Need only.

Trustee Hatch stated that Salt Lake City is reporting a complete lack of available interment space and questioned how Orange County compares. GM Deutsch stated that, of course the District is running low on space, but there is really no way to know what the situation is for private cemeteries in the county. GM Deutsch said he could make some inquiries with our industry partners to try to get a better idea of overall available interment space in Orange County. Trustee Hatch said he was interested because this may be useful for the public and elected officials to know if we want to argue in favor of new cemetery development.

B. Financial Reports – January 2021

Brenda Manriquez reported that revenues are going gangbusters as is evident from the monthly activity report. We are at almost 100% of budget for space sales and we still have five months to go in the fiscal year. Interest rates continue to be low. The District did receive approximately \$100,000 in property tax and expect to receive about \$1million more in April.

For expenses, Salaries & Benefits are trending the same. In the 1400 account for maintenance the variance of \$33,000 between this year and the prior year is primarily due to increased security costs. We also had some expenses for tree maintenance on the new property. The 1800 account for Office Expenses is up due to new software licenses for new employees and also

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moving Kim Eazell into the arrangement room and setting up work space for the new Secretary/Receptionist, Robert Hernandez. Brenda Manriquez also noted that the 1900 account for Professional/Specialized Services is higher than normal due to the greatly expanded use of credit card transactions and the associated merchant fees. Our merchant fees have almost doubled as more people pay with credit cards remotely rather than paying with checks or cash. She noted that staff will consider the increase in merchant fees when preparing the new budget. We will also be seeing a new expense for the use of DocuSign. Counsel Quintanilla is helping the District with a contract to use this secure and user-friendly way to sign documents electronically.

There were no new Equipment expenses and the Economic Uncertainty Fund remains unused. GM Deutsch stated that, depending on the timing of the slope project at El Toro, there may be money left over in the Buildings & Improvements Fund which will be rolled over to the next fiscal year. He also noted that the variance appearing under Special Departmental Expense is for the purchase of polypropylene vaults from a manufacturer in Georgia. This was necessary because the local vendors who manufacture cement vaults could not keep pace with the demand and it was necessary to come up with an alternative for families.

Brenda Manriquez reported that on the Balance Sheet, we will look at unassigned funds at the end of the fiscal year to see how much money the District may want to move. There was nothing else of any significance to report.

Vice Chair Nelson asked for clarification on the posting of pre-need journal entries as a primary driver of the variance for interment services. Brenda Manriquez explained that there is a lag in recognition of revenue for interment services when preneed is used. A journal entry is required when the funds are moved from the Pre-Need Fund to the General Fund at the time services are used. It's not practical to do a journal entry for every service, so it is done a month at a time. If we are below budget on interment services, it is usually the lag in posting that drives it.

C. Investment Portfolio Changes – February 2021

GM Deutsch stated that rates are continuing to fall. The Board should not be surprised to see rates falling below 1%. GM Deutsch said he is also going to include posting monthly interest rates so the Board is not taken by surprise as rates change.

D. Capital Projects Update

GM Deutsch reported that staff are going to be purchasing additional trash cans for all three cemeteries.

For new cemetery development, GM Deutsch also stated that he met with OC Parks regarding adjusting the parcels. He is also working with RJM Design to reduce costs on the first phase of development. He will provide an update to the Board at the April Board Meeting.

All Equipment has been ordered and we are expecting to receive the backhoe within the next couple of months.

On a different topic, Trustee Hatch asked if District staff have received the COVID vaccine yet. GM Deutsch stated that he was able to identify the District as an eligible group to receive the

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vaccine. He issued instructions and a letter personalized for each staff member that they can use when scheduling appointments to receive the vaccine. He reported that so far, he knows of two employees who have received their first doses. Trustee Rivers thanked GM Deutsch for his efforts in making the vaccine accessible to staff. Counsel Quintanilla reported that the District has the ability to mandate that staff receive the vaccine. If we adopt a policy mandating the vaccine, we must allow employees to take accrued time off if they schedule an appointment during regular working hours. Trustee Ward asked if any staff have expressed reluctance to get vaccinated. GM Deutsch said that he has not had conversations with staff in that regard. Secretary Mary Funk stated that she would get the vaccine if it was mandated but would probably not seek it out otherwise.

GENERAL COUNSEL REPORT

Counsel Quintanilla had no additional report.

UNFINISHED BUSINESS – None

NEW BUSINESS

A. ISDOC Executive Committee 2nd Vice President Vacancy

GM Deutsch explained that the Independent Special Districts of Orange County has a vacancy for the position of 2nd Vice President on the Executive Committee. If any Trustee is interested in being nominated the Board would need to pass a resolution supporting the nomination. No Trustee voiced an interest in being nominated. No further action was taken.

COMMITTEE REPORTS

A. Communications and Public Relations Committee Meeting, Feb. 23, 2021

1. 2021-22 District Events Calendar and Budget Discussion

Committee Chair Ward reported that it was decided to forego any in person gatherings for 2021 unless there is a drastic change in the COVID restrictions. For Memorial Day, staff will reach out to past participants and see if they would be willing to submit a video clip that can be included in a virtual Memorial Day Program. Placement of flags will still occur at all three cemeteries, with the assistance of Scout Troops at El Toro, Charles Beal coordinating at Santa Ana, and District Staff at Anaheim Cemetery.

Vice Chair Nelson asked about events that fall later in the year in 2021. Committee Chair Ward said that Wreaths Across America would move forward as it did in 2020. We will have to see what the restrictions look like as the fall events draw closer. However, events like Dia de los Muertos require substantial advanced planning.

GM Deutsch said that with funds not used for special programs in 2020, the District is purchasing wreaths for 2021 to support the Santa Ana Elks Lodge that coordinates the program at Santa Ana Cemetery and the American Heritage Girls who coordinate the program at El Toro Memorial Park.

2. New Cemetery Development Public Relations Discussion

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GM Deutsch reported that he updated the Committee on the meetings that took place with Supervisor Do and Supervisor Wagner. They also discussed how to best engage the City of Anaheim and the need to get a gauge of what the Council thinks about the project. There are two to three new Council Members who may not be familiar with the project. We will build relationships with City staff and then approach the City Council.

B. Finance and Investment Committee Meeting, February 24, 2021

1. Mid-Year Budget Review

Committee Chair Nelson said that the numbers so far look fantastic. We are at about 84% of operating revenue and about 68% of property tax. The District is in a very favorable position for the budget. GM Deutsch said that the need for overtime and vault purchases may require the use of the Economic Uncertainty Fund, but revenues will exceed any expenses.

2. 2021-22 Fiscal Year Budget Preparation Discussion

Committee Chair Nelson stated that GM Deutsch sets a schedule for the budget process. GM Deutsch is hoping to meet earlier with the Cemetery Managers which would allow the budget to come to the Board for approval at the June Meeting with new rates going into effect in July at the start of the fiscal year. Brenda Manriquez also commented that GFOA is changing some of the requirements for the Budget Award, so the Board will notice some changes in the budget presentation.

3. Investment Strategy for 2021

Committee Chair Nelson stated that they made a few changes including the removal of language regarding the Pre-Need Fund investment advisor's authority to sell investments without concerns for maturity. Chair Nelson stated that Sandra Wheeler attended the Zoom committee meeting and recommended that the District stay with the 5-year ladder. The Committee felt that the District should not make any investments with terms longer than two years.

Brenda Manriquez noted that the District will be submitting for a new award on our Investment Policy from the California Municipal Treasurers Association. A panel reviews the policy and if it scores at least 85 out of 100, then the District will receive an award. We will submit for it, once we get all the signatures back on the Investment Policy.

4. Endowment Care Study Update Discussion

Committee Chair Nelson stated that in 2009-2010 the District conducted an Endowment Care Study that indicated there would be insufficient funds to sustain perpetual care of the cemetery. The Board acted on recommendations from that study and in 2015 conducted a new Endowment Study, which was much more favorable, showing that the District was now in a position to sustain perpetual care. The Committee feels it would be prudent to conduct a new study to ensure that we are still on the right track. GM Deutsch has reached out to the Actuarial, Hayden Burrus, who has conducted the study for us in the past. They are discussing when the best timing would be to complete the study, since funding for the new cemetery needs to be

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considered in the study. Chair Nelson also mentioned that the Orange County Cemetery District was featured in an article on the importance of endowment studies for cemetery districts.

5. California Employers Pension Prefunding Trust Information

Committee Chair Nelson explained that this program allows the District to set aside funds and invest in equities for the sole purpose of paying off any UAAL. However, since the District has been diligent in this regard and currently only has a small UAAL, it is not necessary at this time to consider such a program.

6. Financing Options for New Cemetery Development

Committee Chair Nelson stated that with the design revisions currently being considered by RJM, the overall project cost has been reduced down to about \$43 million. This is still beyond the limit that the District can reasonably finance. The Committee is exploring borrowing \$30 million or finding alternative funding such as an Assessment District. The remaining \$13 million could be paid from reserves. At the Committee Meeting, Sandra Wheeler recommended a consultant called the Holman Group who may be a good resource for the District. GM Deutsch will be contacting them to get more information. The Committee also discussed the Orange County Mosquito and Vector Control District who has experience with Assessment Districts. The District Manager, Rick Howard, has a report on Assessment Districts that may be useful.

Trustee Hatch stated that he feels the District is at a critical crossroad right now, with a number of different approaches we could consider in how best to move forward with this project. He stated that we need to be very diligent over the next few months as to how we proceed, as the future of the District depends on the decisions made now. Trustee Hatch thanked Committee Chair Nelson and GM Deutsch for their leadership.

Trustee Ward asked if the new cemetery at Gypsum Canyon will be able to generate enough revenue to cover the debt service and maintain the existing three cemeteries, or will we become dependent on property tax support? GM Deutsch said that there is a huge one-time cost at the outset to begin development. Chair Nelson stated if we are successful at an Assessment District, we can move beyond the smaller development we are now considering. Chair Nelson stated that as long as the demand for interment space remains the same, we will easily have the revenue to cover the expenses.

There was some discussion about the need to establish an Assessment District, as we don't currently have one and what would be required to accomplish this. Brenda Manriquez stated that there is also about \$8 million in the Endowment Income Fund that could potentially be used. This is also something that would be considered in any Endowment Care study.

Chair Maribel Marroquin left the meeting at approximately 11:25 a.m.

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ITEMS FOR FUTURE AGENDAS - None
BOARD COMMENTS

A. CSDA Member Services Committee Meeting, February 4, 2021

Vice Chair Nelson reported that the Member Services Committee had an orientation for new members to fully explain member benefits. There are currently 1,270 members in CSDA, with 24 new members joining. The retention rate is 93.5%. They are establishing a new “Pay as You Can” program for districts with revenues under \$250,000. CSDA really wanted to reach out to these districts, since they are most in need of CSDA’s help. This program, which has no set fees, will make it possible for much smaller districts to get access to the resources CSDA offers.

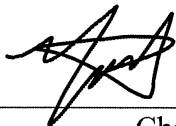
ANNOUNCEMENTS

A. CSDA Fiscal Committee Meeting, March 11, 2021 at 10:30 a.m. (Virtual)

Vice Chair Nelson will be attending this meeting.

The next regular meeting will be held on **Tuesday, April 6, 2021**, 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 11:30 a.m.



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