

ORANGE COUNTY CEMETERY DISTRICT

Board of Trustees

February 4, 2020

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Hatch 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 Chair Noel Hatch
Roll Call by Board Secretary, Mary Funk.

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

ABSENT: Maribel Marroquin, Vice Chair First District

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

ALSO PRESENT: Larry Ryan, RJM Design Group

PUBLIC COMMENTS - None

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, January 7, 2020.
- B. Approval of February 2020 Check Registers (Claims) Nos. 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131 and 132.
- C. Approval of the Investment Policy for 2020
- D. Acceptance of the District Quarterly Investment Report and Certification for December 31, 2019, pursuant to Government Code Section 53646(b)(1).

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

MANAGER REPORTS

Chair Hatch asked if there were any questions regarding the Manager's Reports for Agenda Items A through E as noted below. The Board had no questions or additional comments.

A. Interments and Interment Space Sales Reports – December 2019

The following interment and interment space sales for December 2019 were reviewed:


Chair


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			<u>2019-2020</u>	<u>2018-2019</u>
ANAHEIM	Interments	4 (2 Urn)	43 (28 Urn)	33 (19 Urn)
	Lot Sales	1	17	15
EL TORO	Interments	62 (25 Urn)	356 (127 Urn)	302 (116 Urn)
	Lot Sales	49	430	351
SANTA ANA	Interments	32 (12 Urn)	155 (42 Urn)	174 (25 Urn)
	Lot Sales	17	72	130
TOTAL	Interments	98 (39 Urn)	554 (197 Urn)	509 (160 Urn)
	Lot Sales	67	519	496

B. Financial Reports – December 2019

C. December Interest Rates

D. January Investment Portfolio Changes

E. Capital Projects Update

F. Orange County LAFCO Regular Special District Member Seat Appointment Process

GM Deutsch said that the Regular Special District Member seat currently held by Jim Fisler expires June 30, 2020. He asked if any Trustees were interested in seeking the seat through the appointment process. No Trustees expressed an interest.

G. Special District Leadership Foundation Awards

GM Deutsch reported that the District has received confirmation of the renewal of both the District of Distinction and the Transparency recognitions through the Special District Leadership Foundation. Both are good for two years. Trustee Nelson pointed out that our District is one of only four to achieve the Platinum status for Districts of Distinction. The Board would like to receive these recognitions at the next CSDA Annual Conference.

H. California Society of Municipal Finance Officers Annual Conference

Brenda Manriquez reported that there were over 2,000 participants at the conference and they had several very good sessions with four to five keynote speakers including State Treasurer Fiona Ma. She also stated there were several good break-out sessions. She thought the most important topic she attended was on long-term debt financing.

Trustee Ward arrived at 10:10 a.m.

GM Deutsch recommended that New Business, Item B be discussed at this time, since the last Manager’s Report - New Cemetery Development Update is to be provided primarily by Larry Ryan from RJM Design Group.

NEW BUSINESS

B. Support for Kelly Rivers for the CSDA Board of Directors Appointment for 2020

GM Deutsch explained that the Board of Directors Seat B for the Southern Network has become available. The candidate selected will take Seat B for the remainder of the 2020-2022 term.


Chair


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Two current Directors will interview any interested candidates and make a decision. Trustee Rivers has expressed an interest in the appointment, which requires that the Board pass a resolution supporting her intent to serve on the CSDA Board of Directors.

MOTION: of Trustee Nelson, seconded by Trustee Ward and carried by a vote of 4-0 (Trustee Marroquin absent for the vote), adopted Orange County Cemetery District Board of Trustees Resolution 2020-01, supporting the nomination of Kelly Rivers as a Board of Director for the California Special Districts Association.

At this time Larry Ryan with RJM Design Group arrived and GM Deutsch recommended we return to the last Manager’s Report, Item I, New Cemetery Development Update.

MANAGER’S REPORT - Continued

I. New Cemetery Development Site Assessment Update

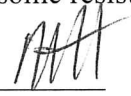
Chair Hatch welcomed Mr. Ryan who updated the Board on where the District stands with site assessments conducted by the consultants in 2019 and steps to move forward in the development of a new cemetery. Mr. Ryan began by passing out an agenda for his presentation as well as Refined Conceptual Site Plans for both the public cemetery and the reserved acreage for the proposed veterans cemetery. Mr. Ryan stated that the site plan shows 108 gross acres designated for the development of a public cemetery with 50 net acres for lawn interments. There are 160 gross acres reserved for a veterans cemetery with 108 acres being developable. There are another 15 acres that would be shared between the public and veterans cemetery for the entrance and for common areas.

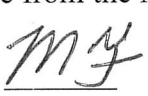
Mr. Ryan explained that Leighton, the geotechnical engineer had completed a 1,400 page document in October with summary report recommendations in November. Leighton is indicating that additional field borings are required to be able to give more precise recommendations for grading and site development particularly in the landslide area. However, Mr. Ryan would also like to work with another geotechnical firm called GMU. GMU has reviewed the Leighton report and states that additional borings are not needed, but rather better analysis of the data already obtained.

Chair Hatch asked what the timeline is from here. Mr. Ryan stated he will be meeting with Pat Fuscoe, the civil engineer, and GMU on February 11th. Earthwork is the big variable right now. Once a strategy is in place for earthwork, a preliminary cost estimate can be prepared. GM Deutsch noted that, as the District moves forward with development, a careful record will be kept of any costs that should be shared by any group that develops the upper portion reserved for the veterans cemetery.

Mr. Ryan also said that LSA’s biological and cultural assessments are completed and they will reengage in the project once the Conceptual Plan Development is complete.

Chair Hatch also asked about where this project stands with the City of Anaheim. GM Deutsch noted that he and Larry Ryan had met with Dave Belmer at the City of Anaheim, and there is some resistance from the Mayor. Mr. Ryan stated that Anaheim needs to know how this project


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benefits the city. He stated there are a lot of misconceptions about perceived negative impacts that a cemetery may have on the area and the District needs to address that misinformation. The District needs to reach out to the Mayor and the Council and show them how a cemetery benefits the community and how much its residents need this as an option for interment. The Board briefly discussed the continued use of the grounds for County fire fighter training, a possible walking trail around the perimeter of the park, a community chapel similar to Waverly Chapel in Fairhaven. Trustee Ward would also like to see special attention paid to the entrance of the parks.

NEW BUSINESS - Continued

A. New Cemetery Development Resolutions

GM Deutsch stated that when the County donated the 283.3 acres of land to the District it was conditioned upon the reservation of at least half of the developable acreage of the land being designated for the development and operation of a State Veterans Cemetery. When a deed exists with conditions, you don't really own the property until you meet the conditions. By adopting the Resolution to designate a portion of the 283.3 acres for the development, use and operation as a State Veterans Cemetery and memorializing it with a resolution, we are completing that condition.

MOTION: of Trustee Nelson, seconded by Trustee Ward and carried by a vote of 4-0 (Trustee Marroquin absent for the vote), adopted Orange County Cemetery District Board of Trustees Resolution 2020-02, designating a portion of the 283.3 acres of real property donated by Orange County to be reserved for the development, use and operation as a state veterans cemetery.

There was also some discussion about possibly deeding the reserved land to the entity who would be spearheading the Veterans Cemetery at some point in the future. The District would condition the deed just as the County did with the District, and require the entity to establish the veterans cemetery within ten years or it would revert back to the District.

Staff and Counsel Quintanilla also recommended that the Board adopt a resolution showing that the District is committed to moving forward with the development of a public cemetery and authorizing the General Manager to take the actions necessary to develop the property for use and operation as a public cemetery.

MOTION: of Trustee Nelson, seconded by Trustee Rivers and carried by a vote of 4-0 (Trustee Marroquin absent for the vote), adopted Orange County Cemetery District Board of Trustees Resolution 2020-03, directing the General Manager to take or cause the actions necessary to apply for any and all entitlements required by the City of Anaheim and other responsible agencies for the development of the real property commonly referred to as Mountain Park for use and operation as a public cemetery.

Trustee Nelson stated that the District should issue a press release regarding the passing of the resolution reserving at least half of the developable acreage for the State Veterans Cemetery. Chair Hatch expressed reservations about putting out a press release, stating that he is not sure


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we should draw attention to it. Trustee Ward stated that it is important to show that, regardless of what decisions are made about a possible Veterans cemetery in Irvine, the District is setting aside space for our veterans now.

MOTION: of Trustee Nelson, seconded by Trustee Ward and carried by a vote of 3-1, (Vice Chair Marroquin absent and Chair Hatch dissenting), approved the creation of a press release announcing the passing of Resolution 2020-02 designating land for a State Veterans Cemetery.

C. RFP Review – Strategic Planning Consultants

GM Deutsch explained that he put a summary together of all the proposals that had been received in response to the RFP for a consultant to assist the District with its next strategic plan. GM Deutsch asked the Board what the next step should be, and if they wanted to call in any of the firms to make presentations to the Board at the March meeting.

Trustee Nelson said his top three choices were Rauch Communication Consultants; BHI Management Consulting; and Wild Card Strategy. Trustee Nelson stated that Rauch was used by CSDA in 2007 and has not been used by them since and travel costs are not included in their estimate. He also felt that BHI was too broad and strategic planning seemed more of a sideline of their business. His top choice was Wild Card Strategy. Trustee Nelson said the barometer tool that Mr. McComb created is excellent and has been very beneficial in keeping the District on track. His current state assessment that he completed for the District was fantastic and the action planning and steps to support the plan are very effective and his price is appropriate.

Chair Hatch stated that his top three choices were CV Strategies; Rauch Communication Consultants, and Wild Card Strategy. He said that the response provided by Wild Card Strategy was by far the best.

Both Trustee Ward and Trustee Rivers requested that the discussion be held over until next month when Trustee Marroquin is present so she can take part in the decision. Trustee Ward also expressed concern with Wild Card Strategy stating that Mr. McComb is not open to suggestions or changes. The Trustees agreed to send GM Deutsch their top choices for consultants and depending on the results, presentations can be made at the March meeting.

UNFINISHED BUSINESS – None

COMMITTEE REPORT – Finance and Investment Committee Meeting – Jan. 22, 2020

Investment Advisor Firm Change

Committee Chair Nelson and GM Deutsch explained to the Board that Marty Kreisler is no longer part of the FundX Investment Group. The Finance and Investment Committee discussed whether or not to remain with FundX, follow Marty Kreisler to his new firm with Alexis Investment Partners, or to move those funds to Sandra Wheeler who is now with Stifel Investment Services. The committee invited both Marty Kreisler and Sandra Wheeler to attend the committee meeting and make separate presentations about their services. After hearing the presentations, the committee recommended transferring all of the Pre-Need funds from both


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portfolios (FundX and Edward Jones) to Sandra Wheeler of Stifel Investment Services to manage.

Trustee Ward asked if it was OK to have just one advisor manage those funds. Committee Chair Nelson stated that Committee felt it was best to go with an advisor we know very well. Committee Chair Nelson also stated that Sandra is pushing for a five-year ladder for the Pre-Need funds.

MOTION: of Trustee Ward, seconded by Trustee Rivers, and carried by a vote of 4-0 (Vice Chair Marroquin absent for the vote), authorized the General Manager to execute financial documents for the transfer of the pre-need assets with FundX (secured by Charles Swab) and Edward Jones (secured by Bankers Trust) to Stifel Investment Services.

Chair Hatch left the meeting at this time.

Committed Fund Balance Changes for FY 2019-20

GM Deutsch explained that over the last four years, the Board of Trustees has taken action to designate Unassigned General Fund Balance to the “New Cemetery Acquisition and Development Reserve” fund. Now that land has been obtained, staff and the Finance and Investment Committee recommend that the Board create a committed “Cemetery Development Reserve” fund in the General Fund and combine all previously committed funds from the “New Cemetery Acquisition and Development Reserve Fund” and the “Existing Cemetery Capital Improvements” fund into this new committed fund. The total balance in the new “Cemetery Development Reserve” fund would be \$9,555,000.

In addition, staff and the Finance and Investment Committee recommend moving the funds assigned for Land Development in the June 30, 2019 CAFR totaling \$800,000 into the newly created “Cemetery Development Reserve” fund. The total committed funds for the “Cemetery Development Reserve” fund would then be \$10,355,000. GM Deutsch expects that by the end of the fiscal year, there will be approximately \$11 million in the fund. Per the Fund Balance Policy, the Board needs to take action by resolution.

MOTION: of Trustee Ward, seconded by Trustee Rivers and carried by a vote of 3-0 (Chair Hatch and Vice Chair Marroquin absent for the vote), adopted Orange County Cemetery District Board of Trustees Resolution 2020-04, approving the transfer of all existing Committed Funds from New Cemetery Acquisition and Development and Existing Cemetery Capital Improvements in the amount of \$9,555,000 as committed funds for the Cemetery Development Reserve fund. The resolution also approves designating \$800,000 that is currently assigned for Land Development as committed for the Cemetery Development Reserve Fund.

Financing for New Cemetery Development

Committee Chair Nelson reported that Bill Morton from Municipal Finance Corporation who is a part of the California Special District Finance Corp. gave a presentation on the District’s borrowing capacity. He estimates that the District could borrow approximately \$12 to \$15 million.



Chair



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Committee Chair Nelson indicated that the preliminary cost estimate for the first phase of the new cemetery development is roughly \$25 million, so with what the District has already committed and what we could potentially borrow, that is within reach.

The Committee learned that the District cannot do an Assessment District, because that requires a specific benefit. The District could, however, do a community facilities finance special tax which requires 2/3 support of those who participate and it can be done outside of an election. Trustee Ward said the District would need to determine what the costs would be for the Registrars of Voters to process it.

Committee Chair Nelson also said that we are still researching if the District can sell and buy its own bonds. GM Deutsch said that this could be a private sale or bond sale and either one would require bond counsel. GM Deutsch reached out to Albert Reyes, the Bond Counsel through CSDA and he is working on providing an updated analysis for the District. There was some discussion on the tax ramifications on funding through bonds. Committee Chair Nelson requested that the District also reach out to get an opinion from a tax specialist.

ITEMS FOR FUTURE AGENDAS

GM Deutsch said that he is hoping to have a presentation for the Board at the April meeting on Other Post-employment benefits with the County of Orange and OCERS.

BOARD COMMENTS

ISDOC Quarterly Meeting, Fountain Valley, January 30, 2020

Trustee Nelson stated that the guest speaker was Neal Kelley with the Orange County Registrar of Voters who discussed the new voter centers. Trustee Rivers also attended and agreed it was a very good presentation and that the new system seems very efficient. There will be no more provisional ballots and voters will be able to register on the same day as the election.

Conference with Supervisor Wagner's Office

Trustee Nelson said that Supervisor Wagner hosted a meeting for all of his 25 appointees. He stated this was the first time a Supervisor has invited him to attend such a gathering and Trustee Nelson said he found it very interesting. Trustee Nelson also brought up a discussion about modifications to the 241 toll road. GM Deutsch confirmed that they are adding a center lane going on and off the 91 allowing drivers to continue on FastTrak.

Conference with Supervisor Steel's Office

Trustee Rivers stated that Supervisor Steel does a conference every year for her appointees.

Committee Meeting for LAFCO Dues Restructuring, January 22, 2020

Trustee Nelson attended a committee meeting regarding the restructuring of the way dues are calculated for LAFCO members. He explained that LAFCO is funded by 1/3 City representatives, 1/3 County representatives and 1/3 Special District representatives. Some felt that the current way of calculating dues was outdated, but under the new proposed process the District's dues would increase from \$2,000 to approximately \$12,000 a year. Trustee Nelson


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was able to negotiate a compromise and the Districts dues will now only increase to about \$3,000 which represents a substantial savings. Trustee Nelson said he thought non-enterprise districts should be given a break, because unlike enterprise district, they cannot raise their rates to secure additional revenue.

ISDOC Executive Committee Meeting, Feb. 4, 2020

Trustee Nelson attended this meeting and said the committee voted to approve the LAFCO dues restructuring agreement which should go into effect for 2021 to 2024.

Staff Awards Luncheon, January 27, 2020

Trustee Rivers stated that she and Vice Chair Marroquin attended the luncheon which was held on the new property. She said everyone seemed very happy and we have a great group of guys. GM Deutsch noted that Leadworker Tony Gallegos received his 20-year award; Groundskeeper Albert Soltero received his 30-year award and Jesus Lopez, the District Mechanic received his 35-year award.

Veterans Day, Angel of Hope, and Wreaths Across America

Trustee Rivers, who was absent for the January Board meeting, reported that she had attended the Veterans Day Program on November 11th; the Angel of Hope Program on December 6th; and Wreaths across America on December 14th, all of which were held at El Toro Memorial Park.

ANNOUNCEMENTS

Supervisor Wagner’s Office will be holding a press conference at the new property on February 14, 2020 at . The purpose is to show support for this site as the location for the new Veterans Cemetery. GM Deutsch will attend.

GM Deutsch will speak to the Brea Rotary Club on February 18th at noon to educate them about the District and plans for the new cemetery.


The CAPC Annual Conference will be held in Oxnard from Feb. 20-22, 2020. Chair Hatch, Vice Chair Marroquin, Trustee Nelson and Trustee Rivers will all attend.

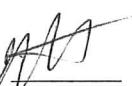
Brenda Manriquez also noted that the new part-time Accounting Technician has been hired. Her name is Diana Vosler. GM Deutsch also noted that the new budget will include individual budgets for each cemetery that the Cemetery Managers will be responsible for. The new ERP system should give them real-time monitoring of their budgets.

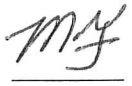
The next regular meeting will be held on **Tuesday, March 3, 2020**, at 10:00 a.m., at the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

There being no further business, the meeting was adjourned at 12:10 p.m.


Chair


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