

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
March 5, 2024

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Cynthia Ward at 10:06 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 U.S. Army Veteran Ron Bengochea.
Roll Call by Board Secretary, Mary Funk.

PRESENT:	Cynthia Ward, Chair	Fourth District
	Maribel Marroquin-Waldram, Vice Chair	First District
	Kelly Rivers	Second District
	Vladimir A. Anderson	Third 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
 Ron Bengochea, U.S. Army Veteran
 Luette Forrest (attended remotely)

PUBLIC COMMENTS

U.S. Army Veteran Ron Bengochea stated that he was born and raised in Anaheim and would like to express on behalf of many Veterans and their families, their support for the development of the Veterans Cemetery in Gypsum Canyon. He recalled ten years earlier sitting with Assemblymember Sharon Quirk-Silva to seek support for a Veterans Cemetery in Orange County. Mr. Bengochea stated that he believes that after all these years of effort, landing at the Gypsum Canyon site is where the Lord wants us to be. He stated how grateful he is for the efforts of the Board in trying to move the project forward. Mr. Bengochea said that he is aware of the amendment that is being issued to the EIR #331 and he hopes that any opposition will not impact the project, noting that he just wants to see the development move forward. He worked with the Anaheim utilities for a number of years and was happy to learn about the well drilling exploration that is occurring on the site. Mr. Bengochea stated that a lot of people have been waiting a long time for this and it means a lot to see our Board totally committed to making it a reality.

Luette Forrest also attended the meeting. While she stated that she did not have any comments, she did note that it would be nice if the public could review the EIR Amendment since it has been so long since the original EIR was completed.

Chair

Secretary

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, February 6, 2024.
- B. Approval of the March 2024 Check Registers (Claims) Nos. 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146 and 147.
- C. Approval of the 2024 Investment Policy

MOTION: of Trustee Hatch, seconded by Vice Chair Marroquin-Waldram and carried by a vote of 5-0, approved the Consent Calendar.

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – January 2024

The following interment and interment space sales for January 2024 were reviewed:

			<u>2023-2024</u>	<u>2022-2023</u>
ANAHEIM	Interments	5 (4 Urn)	46 (34 Urn)	51 (31 Urn)
	Lot Sales	8	23	21
EL TORO	Interments	83 (27 Urn)	537 (182 Urn)	539 (181 Urn)
	Lot Sales	63	586	677
SANTA ANA	Interments	19 (11 Urn)	133 (61 Urn)	108 (65 Urn)
	Lot Sales	5	42	39
TOTAL	Interments	107 (42 Urn)	716 (277 Urn)	698 (277 Urn)
	Lot Sales	76	651	737

GM Deutsch stated that Anaheim Cemetery actually outsold Santa Ana Cemetery in January with 8 cremation space sales including two niches and 6 in-ground spaces. Year-to-date, space sales are right on par with 23 sales so far this year compared to 21 in the previous year. Staff at Anaheim conducted 5 interment services including one full casket burial and two niche inurnments and two in-ground urn interments.

El Toro Memorial Park had 63 space sales in January including 33 casket space sales, 11 niches and 19 in-ground cremation space sales. This is likely the highest number of sales the District has seen in one month for El Toro’s inground cremation spaces. As expected, year-to-date, El Toro Memorial Park’s interment space sales are trailing the previous record-setting year. So far El Toro has sold 586 interment spaces compared to 677 sales in the previous year.

Trustee Hatch asked if GM Deutsch knew what the ratio is at Veterans Cemeteries for casket interment vs. cremation. GM Deutsch did not know how the Veterans Cemeteries compare to our own statistics, adding that many religions and cultures are now more open to cremation. GM

Deutsch noted that the District's overall casket rate is 61.3% compared to our cremation rate of 38.7%. This is the exact opposite of the industry standard.

Staff at El Toro conducted 83 interments in January including 56 casket burials, 18 niche inurnments, and 9 in-ground cremation interments. El Toro has approximately 814 casket spaces remaining as of the end of January 2024, which represents approximately two years of sales at the current pace. GM Deutsch is hopeful that the road closures at Santa Ana Cemetery will take some of the pressure off of El Toro Memorial Park.

Santa Ana Cemetery had five space sales in January including one casket space, one infant space, two niches and one in-ground space. The casket space that was sold, was found for a family that had several other relatives already interred in the park. Santa Ana is right on track in terms of sales with 42 spaces sold this fiscal year compared to 39 at the same point last year. Staff at Santa Ana Cemetery conducted 19 interments in January, including 8 casket burials, 4 niche inurnments, 3 rose garden placements, and 4 in-ground burials.

Overall, the District had 76 space sales for January compared to 138 in January 2023. Year-to-date the District has sold 651 interment spaces, compared to 737 in the previous year. For interment services, District-wide we have conducted 716 interments year-to-date, which is slightly ahead of last year's pace of 698 interments.

GM Deutsch cautioned that the District will likely sell out of casket interment space before we are able to get the Gypsum Canyon Memorial Park up and operational. The City of Anaheim and those at the County level are aware of the District's predicament. Trustee Hatch commented on the statistics regarding the aging of Orange County residents. Brenda Manriquez noted that the median age of Orange County residents has gone up to almost 40 years of age. Chair Ward asked about the process of recovering abandoned graves in our cemeteries. GM Deutsch and General Counsel Quintanilla described the lengthy process that is required to attempt to reclaim spaces that were purchased more than 50 years ago. He explained that records for those graves are sometimes questionable and, at the moment, that kind of task is time prohibitive for staff. Unless there are a substantial number of graves that could be potentially reclaimed, right now it is not worth the effort to pursue it. Chair Ward concluded by stating that focusing on Gypsum Canyon is really our best hope to adequately meet the needs of County residents.

B. Financial Reports – January 2024

Brenda Manriquez stated that revenues through January were better than expected and is largely be driven by the rise in interest rates. The District did also receive some property tax both in redevelopment and secured. As expected, sales are down due to the prohibition on pre-need casket sales at El Toro Memorial Park, but overall still higher than budgeted. Interment services revenue is higher than budgeted. Accounting is also posting pre-need journal entries more frequently which captures those revenues in a more timely fashion. GM Deutsch noted that the increase in service fees this year compared to the past year is also helping.

For expenses, Salaries and Benefits are higher primarily due to overtime, but some of that overtime is being offset by the weekend fees we collect for services. For Services and Supplies, the District is just under budget, although there are a couple of items that are over. Brenda

Manriquez stated that the District can either shift some funds around or use the Economic Uncertainty Fund.

Brenda Manriquez reported that El Toro Memorial Park did receive the tractor in February and will appear in the March Financial statements. The utility vehicle is expected to arrive next fall and is allocated out of the 2024-25 budget.

Brenda Manriquez also noted that in Buildings and Improvements there was just under \$500,000 spent on the new cemetery development with about \$10,000 going to the Santa Ana Cemetery gate and fence repair. She did remind the Board that the next installment payment on the District's construction loan will be coming due in March.

She reported that the Balance Sheet looks good and there are no changes of any consequence. The Assigned - Land Development line currently shows at about \$2.4 million. However, as expenses start to outpace revenues, the Trustees should expect to see this \$2.4 million decrease. Brenda Manriquez also added that she has pulled out the \$610,000 for the loan payment so it is more visible on the balance sheet.

C. Investment Portfolio Changes - February 2024

GM Deutsch explained that there were a number of investments maturing and some agency bonds being called early. For the most part, new purchases are hovering right around 5%. Our advisors are very aware of the District's needs. GM Deutsch stated he will send them a copy of the investment strategy for 2024. In looking at the investments coming due in the next six months, we are seeing the last of the investments around the 1% yield being pushed out. He also stated that the District has not been putting any more funds into CalTRUST as the OCIP has remained competitive. CA Class continues to outperform the other funds, so any future transfers will likely go to CA Class.

D. Capital Projects Update

GM Deutsch reported that the Capital Projects report provides a timeline of all the meetings that have taken place in regards to the Gypsum Canyon Memorial Park. The site is currently being serviced by California Edison, but that will be switching to the City of Anaheim. GM Deutsch has been meeting with Anaheim's public utilities staff.

GM Deutsch stated that staff did lower the flag during the recent heavy rains. He also informed the Board that there are some problems with the lights and two new lights are going to be installed.

GM Deutsch said that he met again with Murrow to review their finding on the State's Feasibility Study and cost estimate as compared to the District's study. He also said that on February 27th, the Development Team met with the City of Anaheim staff and the CEQA Peer Review Consultant to kickoff the process and get a schedule set. Chair Ward asked if it was correct that public review is not required for the amendment to the EIR. Counsel Quintanilla stated that the public would have an opportunity to review the amendment when it is posted on the planning commission's agenda. Anaheim is the lead agency, so they would be the ones to approve the amendment.

GM Deutsch informed the Board that well drilling had begun on the site. They have hit a lot of bedrock as expected and are down about 70 to 80 feet. Next week we should start to see evidence of what the well will produce.

The Boundary Access Agreement was also presented to staff at Fairhaven so that we can proceed with planned road closures at Santa Ana Cemetery. The District is also reserving rights in the agreement on an additional road that we may also close in the future.

GM Deutsch stated that he had also met with KMI, the company that fabricates the marine grade aluminum niches that can be adapted to existing structures. These niches will allow us to make additions in the Maureen Rivers Memorial Niche Garden without have to install additional footings. GM Deutsch estimates that we could yield somewhere between 200 and 600 new niches depending on the design. GM Deutsch hopes to put this on the April agenda for Board approval as his goal is to stay a year ahead on niche inventory.

Chair Ward asked if KMI was the only choice. GM Deutsch said that in this area, yes, KMI is really the only choice. Chair Ward asked what the longevity of these aluminum niches are. GM Deutsch said that their primary markets are in much colder climates and the products are meant to endure much harsher conditions than what we typically see here in Southern California. With these aluminum niches we can avoid problems like we are experiencing in the Niche Garden.

GENERAL COUNSEL REPORT

Counsel Quintanilla provided a little more information on the process to reclaim abandoned cemetery plots. He stated that the District would have to file a petition with the court showing that we have conducted a diligent search for the plots rightful owners. If the current owners are unknown, the District would have to conduct a reasonable investigation of the plot and put announcements in the local media to try to find any possible owners. The District would also have to file a Notice of Public Hearing and then if the court rules in the District's favor, there is a one year waiting period for the order to take effect. If the District carefully follows this detailed procedure, then we would be free of any potential liability or litigation. Trustee Marroquin-Waldram asked how long the process takes. Counsel Quintanilla stated that it would probably take at least eighteen months. GM Deutsch said that from this explanation, the Board can see the complexities of the process. Chair Ward asked if ground penetrating radar could be used to determine if spaces were actually occupied. GM Deutsch said that would work for bone fragments. Chair Ward asked when the use of vaults became standard. GM Deutsch believed that started sometime in the 70s or 80s.

The Board adjourned to Closed Session at 10:54 a.m.

CLOSED SESSION

- A. Conference with Legal Counsel – Significant Exposure to Litigation
Pursuant to Government Code Section 54956.9(d)(2)
One Potential Case

Counsel Quintanilla stated that the purpose of the closed session was to address opposition communications regarding the proposed cemeteries.

The Board reconvened from closed session at 11:34 a.m. Counsel Quintanilla stated that no reportable action took place.

NEW BUSINESS

A. Strategic Plan 2024 Kick-Off Session

GM Deutsch stated that the goal is to collaboratively work to create a new strategic plan. The goals for this session are to review the District's Mission, Core Values, and Vision Statement. The last strategic plan covered the period from October 2014 to December 2019. Now that the pandemic has passed the Board has decided not to use an outside consultant, but rather develop the District's own strategic plan in-house. GM Deutsch recommended that this strategic plan coincide with the District's fiscal year so that the budget and strategic planning are in sync. GM Deutsch would also like for the Board to determine the level of staff involvement they would like to see.

In reviewing the District's Mission Statement, Trustee Hatch asked if we did anything about the landscaping concerns regarding the number of items on gravesites and if that should somehow be reflected in the Mission Statement. Counsel Quintanilla suggested adding the wording to include not just Orange County Residents, but also tax payers. Trustee Anderson felt that the Mission Statement was on target. Chair Ward felt that the Mission Statement should not be written in a passive tense and that it should lead with affordable interment services. Board Secretary Mary Funk suggested, "The Orange County Cemetery District provides affordable interment services for County residents and tax payers. We maintain our cemeteries in a manner that preserves their beauty, dignity, historical and cultural value for our community's benefit."

On the text defining Core Values, Vice Chair Marroquin-Waldram suggested shortening the passage to read, "The Orange County Cemetery District is committed to these values as we serve the families of Orange County." There was some discussion regarding each of the core values and whether or not any redundancies existed that could be eliminated. Chair Ward suggested that each person take this as a homework assignment and come prepared at the next meeting to discuss the core values and if any of them should be combined or eliminated.

In reviewing the Vision Statement, it was suggested that the opening date be deleted. Chair Ward asked what the time frame would be for this new strategic plan. The Board agreed that a five-year plan taking the District through June of 2029 would be appropriate. Brenda Manriquez suggested that the second sentence of the Vision Statement should end after "The District Standard." A new sentence should begin with "Sound financial management...". Chair Ward recommended that everyone review the Vision Statement and we will have more discussion at the next Strategic Planning Meeting.

Vice Chair Marroquin-Waldram stated that she would be unable to attend on the 19th and asked if there was any other day that week that would work for everyone. The next Strategic Planning meeting was scheduled for Wednesday, March 20th. GM Deutsch said that he expects that meeting to run from 10 a.m. to 2 p.m.

COMMITTEE MEETING – Finance and Investment Committee Meeting**A. Mid-Year Budget Review**

GM Deutsch said that this is just to provide the Trustees with a status update of revenues and expenditures now that we are halfway through the current fiscal year.

B. 2024-25 Fiscal Year Budget Preparation Discussion

This report lays out the calendar of events coming up over the next four months in regards to the development and approval of the budget. GM Deutsch plans to have the Finance and Investment Committee review the budget in May and then bring it to the Board for approval in June. The new fee schedule would take effect 30 days after approval of the budget.

C. Investment Strategy 2024

GM Deutsch stated that according to the 2024 Investment Strategy new investments purchased should be in the 12 to 24-month range except for the Endowment Principal Fund where investments can extend out to 60 months.

ITEMS FOR FUTURE AGENDAS - None**BOARD COMMENTS****A. CAPC Conference Planning Meetings**

Trustee Rivers reported that she attended two planning meeting for the upcoming CAPC Conference. The first planning meeting was held on February 13th and the second meeting was held that morning on March 5th.

ANNOUNCEMENTS**A. CSDA Fiscal Committee Meeting, March 7, 2024 (Via Zoom)**

Vladimir Anderson reported that he will be attending this meeting.

B. CAPC Annual Conference, March 14-16, 2024 in San Diego, CA

Trustee Rivers, Trustee Anderson, Vice Chair Marroquin-Waldram, GM Deutsch and staff member Kim Eazell will all be attending. GM Deutsch said he would be on the panel at the Friday session for getting to know your legislators.

Counsel Quintanilla reminded all those attending the conference that he will be hosting a dinner for all his clients during the conference in San Diego's Little Italy. Once arrangements are complete he will reach out to those who want to attend with all the information.

GM Deutsch mentioned that he had written an article for the upcoming CAPC newsletter on what to do when your cemetery is running out of space.

Chair Ward asked if any staff had been contacted by the American Legion or VFW about Anaheim's 2024 Memorial Day Program. GM Deutsch replied that staff had not heard anything yet. Chair Ward said that she would follow up. GM Deutsch said he would follow up about Santa Ana's Memorial Day Program as well.

The next regular meeting will be held on **Wednesday, March 20, 2024**, 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 12:41 p.m.

Chair

Secretary