

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
March 5, 2019

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Cynthia Ward 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 Mr. Ron Bengochea.
Roll Call by Board Secretary, Mary Funk.

<u>PRESENT:</u>	Cynthia Ward, Chair	Fourth District
	Noel Hatch, Vice Chair	Fifth District
	Maribel Marroquin	First District (Arrived 10:03)
	Kelly Rivers	Second District
	William E. Nelson	Third District

STAFF: Tim Deutsch, General Manager
Dianna Torrence, Administrative Manager
Brenda Manriquez, Staff Accountant
Mary Funk, Board Secretary

PUBLIC COMMENTS

U.S. Army Veteran, Mr. Ron Bengochea, told the Board that he had received inquiries from people wanting to make donations for the new veterans cemetery and he wanted to get the District's input on that question. GM Deutsch said that Mr. Bill Cook, Chairman of the Orange County Veterans Memorial Park Foundation, had done some fundraising and may have already established a 501(c)(3). GM Deutsch recommended that the best thing to do at this point would be to contact Mr. Cook about any donations that may be offered. GM Deutsch said that the Board would also discuss this issue at a future meeting.

Trustee Marroquin arrived at 10:03 a.m.

AWARDS AND COMMENDATIONS

Chair Ward presented Trustee Nelson with a crystal vase in recognition of completing 15 years of service as a Trustee for the Orange County Cemetery District and he was warmly congratulated by the rest of the Board.

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, February 5, 2019.
- B. Approval of March 2019 Check Registers (Claims) Nos. 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, and 146.


Chair


Secretary

C. Approval of the Investment Policy for 2019.

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

GENERAL MANAGER REPORTS

Interments and Interment Space Sales Reports – January 2019

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

			<u>2018-2019</u>	<u>2017-2018</u>
ANAHEIM	Interments	3 (1 Urn)	36 (20 Urn)	43 (26 Urn)
	Lot Sales	2	17	18
EL TORO	Interments	62 (14 Urn)	364 (130 Urn)	367 (124 Urn)
	Lot Sales	64	415	390
SANTA ANA	Interments	36 (5 Urn)	210 (30 Urn)	201 (28 Urn)
	Lot Sales	31	161	169
TOTAL	Interments	101 (20 Urn)	610 (180 Urn)	611 (178 Urn)
	Lot Sales	97	593	577

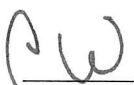
GM Deutsch reported that El Toro Memorial had another busy month with 64 space sales and 62 interments. El Toro is ahead by 25 space sales when compared to the previous year. El Toro’s revenues exceeded expenses by approximately \$131,000 which helps to offset expenses from Santa Ana and Anaheim. For the month of January, Santa Ana Cemetery was also busy with 31 space sales and 36 interments. For Interment Space Sales, year-to-date, Santa Ana is only behind by 8 space sales, which is quite good considering that Santa Ana is only selling to at-need families. Overall, the District is ahead of projections for both interment activity and expected revenues. The cremation rate is holding steady at around 30%.

Financial Reports – January 2019

Brenda Manriquez reported that revenues continue to exceed budgeted amounts. Operating expenses are slightly over budget, but that it primarily due to timing of expenditures. The District received another \$70,000 in property taxes which are trending higher than FY 2018-19 budgeted revenues. Interest income continues to do well in both the OCIP and CalTRUST.

For expenses, Brenda Manriquez noted that salaries are slightly higher primarily due to overtime costs. All equipment ordered for the fiscal year has been received. Payment for the last piece of equipment will be shown in the March financials.

For the Balance Sheet, Brenda Manriquez stated there is approximately \$735,000 in Assigned Funds remaining to be expensed for the current capital project. There is approximately \$2.4 million in Unassigned Funds. Staff is recommending a transfer that will be discussed later in the meeting.


Chair


Secretary

February Investment Portfolio Changes

GM Deutsch reported that during the month of February one investment matured and two new bonds were purchased. GM Deutsch noted that this activity did not reflect the new investment strategy recommended by the Finance and Investment Committee because the transactions occurred prior to the committee meeting. Vice Chair Hatch asked if the District keeps track of the ratings for investments from the time of purchase to the time of sale. GM Deutsch said that the District will never purchase an investment that has less than an A rating, however some investments are downgraded over time. He also stated it was good to get the Deutsche Bank Corp Bond off the books as its rating had been downgraded.

Capital Projects Update

GM Deutsch stated that much of the interior work at Santa Ana has been completed. They are in the process of installing fixtures and striping the newly laid asphalt. The project should be completed within the next couple of weeks. At El Toro Memorial Park the scratch coat has been applied to the restroom structures and roofing is underway. All of the niches have now arrived and construction of the block wall is still in progress. The project should be closed out by the end of the fiscal year. Staff has assembled a waiting list of people interested in purchasing space in the new niche area. The rain has caused delays on the project.

The Strategic Plan Dashboard

In regards to the new land from the County, GM Deutsch stated that we now have the final document for the conveyance of the land to the District, but zoning issues must be resolved before we can move forward. Currently, the land is not zoned as open space by the City of Anaheim. GM Deutsch will be meeting with Matt Miller from the County to discuss the best way to approach changing the zoning with the City of Anaheim. Vice Chair Hatch asked if we could get the names of the key players in Anaheim and see who we know. Chair Ward advised that we should not try to broach that issue with Anaheim ourselves, but rather let the County handle it. GM Deutsch said he had a follow-up phone call from Supervisor Do pertaining to the development of both the Veterans Cemetery and the public cemetery. GM Deutsch also went out on the property with the Orange County Fire Authority and representatives from the City of Anaheim to discuss their access needs. He said it was a very positive meeting and he was able to assure them that the District wants to cooperate with them to give them the access they need. GM Deutsch is still trying to get access to the grounds so the Trustees can take a tour. Chair Ward asked what kind of training takes place with the Fire Department. GM Deutsch answered that it focuses on the use of all terrain vehicles and rescue scenarios. GM Deutsch noted that in the future they will come to us to schedule access to the site. We will need to create a procedure for documenting and scheduling their use of the property. GM Deutsch mentioned that they have heavy equipment that could also be very useful to us as we work on access to the grounds. Trustee Nelson asked if we will have a clearly mapped definition of what areas of the grounds are for the Veterans Cemetery and what will be for the public cemetery. GM Deutsch said that this will be carefully surveyed and documented by RJM.

In other matters for the Strategic Barometer, revenues continue to exceed expenditures. Negotiations for the new MOU will begin soon. The Communications and Public Relations Committee met and discussed events for the next fiscal year and included dollar amounts for the budget. Three Trustees will be attending the upcoming CAPC Annual Conference in Monterey this week. Chair Ward apologized for not being able to attend.


Chair


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Finance & Accounting Manager Position Update (Oral Report)

GM Deutsch reported that the District received five applications for the position of Finance & Accounting Manager, including an application from the District’s current accountant, Brenda Manriquez. Of the five, two withdrew their names for consideration at the last minute. Interviews were held with the remaining three and it was determined that Brenda Manriquez was the most qualified applicant for the position. The Board also discussed Dianna Torrence’s upcoming retirement on March 14th. GM Deutsch stated that Dianna will continue to be available as a resource to answer questions that may come up during the transition. They are also considering the possibility of hiring a part-time person to assist Brenda in the day-to-day accounting functions. There was one candidate during the interview process for Brenda’s position, who might also be a good fit for this part-time role.

UNFINISHED BUSINESS - None

NEW BUSINESS

Investment Fund Transfers

GM Deutsch explained that staff and the Finance and Investment Committee recommends transferring \$100,000 from the Endowment Principal Fund, \$150,000 from the Pre-Need Fund and \$750,000 from the General Fund to outside investment firms to get the best yield possible. Since the Board has already given the General Manager the authority to transfer funds out of the Endowment Principal and the Pre-Need Funds based on available balances, no action is needed by the Board for those transfers. GM Deutsch plans to make those transfers on March 8th. However, due to the amount and the designation of the \$750,000 proposed transfer from the General Fund, the Board does need to take action to transfer the \$750,000 from the General Fund to CalTRUST.

Chair Ward asked if anyone had heard of supra-national funds and wanted to confirm that the District was not involved with that. Both GM Deutsch and Trusee Nelson confirmed that the District does not have any involvement with supra-national funds.

MOTION of Vice Chair Hatch, seconded by Trustee Nelson and carried by a vote of 5-0, authorized the General Manager to execute financial documents for the transfer of Seven Hundred and Fifty Thousand Dollars (\$750,000) from the 754 General Fund in the Orange County Investment Pool (OCIP) to the Medium-Term Fund with CalTRUST.

Trustee Nelson asked how much the District has now for New Cemetery Acquisition and Development. Brenda Manriquez replied about \$8.2 or \$8.3 million. GM Deutsch stated that there is also about \$1.55 million in Improvements for Existing Cemeteries which the Board could chose to re-designate if needed. GM Deutsch said he also anticipates being able to make another transfer at the end of June. Combined, the District has about \$9.5 million in committed funds.


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Reserve Designations – Fiscal Year 2018-19

GM Deutsch explained that, since the Board has approved the transfer of the \$750,000 from the General Fund, if they want to designate those funds as committed, the Board must take action. By adopting the attached resolution, the Board will be designating those funds as committed for the purpose of New Cemetery Acquisition and Development.

MOTION of Vice Chair Hatch, seconded by Trustee Nelson and carried by a vote of 5-0, adopted Orange County Cemetery District Resolution No. 2019-01, designating Seven Hundred Fifty Thousand Dollars (\$750,000) as committed funds for the purpose of New Cemetery Acquisition and Development.

California Special District Association, Board of Directors Call for Nominations

GM Deutsch said that Trustee Nelson's term on the Board of Directors is coming to an end and he does not intend to serve for the new term that will begin in 2020. The Board may nominate another Trustee or another member of a different special district in the Southern Network. Currently, Joel Bauer is the President of CSDA and Sandi Miller also sits on the Board so there is good cemetery district representation. Arlene Schafer from Costa Mesa Sanitary District also represents Orange County on the Board. Trustee Nelson inquired if GM Deutsch would be interested but he was reluctant considering everything that will be happening with the District over the next few years with the development of a fourth cemetery. Trustee Rivers said she would consider putting her name in as a candidate. She will let GM Deutsch know her intent before the next Board meeting. If Trustee Rivers does want to run, the Board will need to take action at the April Board Meeting to support her nomination. There was also some brief discussion about the size of the Southern Network and that it should really be broken up in to two separate networks.

Approval of the Board of Trustees Overview & Duties Policy

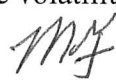
GM Deutsch reminded the Board that at the February Board Meeting, Vice Chair Hatch requested a minor change on the Committee Overview & Duties policy. He recommended that under the topic of Overview of Committees, Item 3, the fourth sentence be changed so that the word "Committee" now reads "Committee of the Whole". This clarifies that it is a Committee of the Whole that requires at least three Board members to be in attendance.

MOTION of Trustee Nelson, seconded by Trustee Marroquin and carried by a vote of 5-0, approved the Board of Trustees – Committee Overview & Duties Policy.

COMMITTEE REPORTS**Finance and Investment Committee Meeting – Feb. 19, 2019**

Committee Chair Nelson explained that the Committee reviewed the mid-year budget and recommended no changes. They also discussed the calendar and schedule that GM Deutsch has set to meet with staff and produce the budget. The Committee has decided to revise the Investment Strategy to focus on more short-term investments of one to two years. This will make it easier for the District to access funds if they are needed for cemetery development purposes. GM Deutsch said that the District's advisors were also pleased with this direction, considering the volatility of long-term rates. Vice Chair Hatch asked if any of our advisors have


Chair


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voiced concerns about a possible recession. GM Deutsch said that this topic had not been brought up by any of the advisors. GM Deutsch suggested that all of the Trustees attending the CAPC Annual Conference should stop by the Wells Fargo booth and meet our advisor, Sandra Wheeler. Trustee Nelson said that Sandra Wheeler has done a great job for us. Trustee Nelson said the committee also discussed financing options for developing the new cemetery. Financing through CSDA’s Finance Corporation is one option. Trustee Nelson stated that we might be able to finance through our own bonds. GM Deutsch said that Counsel Quintanilla is investigating the legalities of using other district funds for the purposes of new cemetery development. GM Deutsch estimates that to get on to the property and develop the first phase of the public cemetery will cost about \$25 million. Trustee Ward stated she would like the new cemetery to be as “off grid” as possible with the use of solar power and other environmentally friendly choices.

Communications and Public Relations Committee Meeting – Feb. 20, 2019

Chair Ward stated that the committee discussed the normal calendar of events for the upcoming fiscal year. For Dia de los Muertos, the District will be adding a daytime event at Santa Ana Cemetery on Saturday, November 2nd, which will be followed by the evening event at Anaheim Cemetery that same day. In July of this year, Anaheim Cemetery will host a nighttime historical tour, and will alternate each year with El Toro Memorial Park. The committee would like to reach out to the Santa Ana Historical Preservation Society to confirm what their plans are for a cemetery tour at Fairhaven and Santa Ana. Each Trustee on the committee would like to be more involved in the planning meetings for Memorial Day Programs. Cynthia Ward will attend for Anaheim Cemetery. Maribel Marroquin will attend for Santa Ana Cemetery. Kelly Rivers will attend for El Toro Memorial Park.

Chair Ward also said the committee discussed social media and the correct way to respond to negative posts. The District has also shut down its Twitter account. The issue of closing the gates at El Toro Memorial Park was discussed since that was the source of the negative comments. Staff is investigating new security services and Trustee Rivers would like to explore installing an automatic gate at the rear entrance of the park. GM Deustch said the District also needs to look at Santa Ana and how to prevent any after hours issues such as what occurred on Dia de los Muertos.

The Committee also discussed how to approach public relations in regards to the development of the new cemetery. Chair Ward emphasized her desire to make every effort to get feedback from the surrounding communities on both cemetery development and operations. She stated that there is a lot of misinformation that needs to be addressed. Trustee Marroquin also stated that the immediate need is to resolve all the legal issues for ownership of the property and zoning and then develop a plan on how to reach out to the community. Trustee Marroquin said we need to recognize the City Council Members whose constituents will be impacted by the development and make sure we do not step on any toes.

ITEMS FOR FUTURE AGENDAS

Trustee Rivers said she would like to see the gate issue on a future agenda.


Chair


Secretary

BOARD COMMENTS

ISDOC Executive Committee Meeting, Fountain Valley, March 5, 2019

Trustee Nelson stated that he did not attend the ISDOC Executive Committee Meeting that morning.

ANNOUNCEMENTS

The CAPC Annual Conference will be held in Monterey Bay on March 7-9, 2019. Vice Chair Hatch, Trustee Rivers and Trustee Marroquin will attend.

The SDRMA Spring Education Day will be held in Sacramento on March 26, 2019. Cemetery Manager Bill Stelter will attend.

The ISDOC Quarterly Meeting will be held in Fountain Valley on March 28, 2019. Trustee Nelson, Trustee Rivers, Trustee Marroquin and GM Deutsch will all attend, but Trustee Marroquin requested not to be registered as she will not be eating lunch.

The ISDOC Executive Committee Meeting will be held in Fountain Valley on April 2, 2019. Trustee Nelson will attend.

The CSDA Board Meeting will be held in Sacramento on April 5, 2019. Trustee Nelson will attend.

The next regular meeting will be held on **Tuesday, April 2, 2019**, at 10:00 a.m., at the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

As this is the final Board Meeting before the retirement of Dianna Torrence, the Board of Trustees acknowledged her valuable contributions and thanked her for her 28 years of dedicated service to the District.

At this time GM Deutsch requested that the Board adjourn to Closed Session.

CLOSED SESSION


Conference With General Legal Counsel Regarding Significant Exposure to Litigation Government Code Section 54956.9 (d): (One potential case)

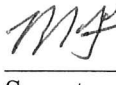
Facts & Circumstances: General Legal Counsel advises that the facts and circumstances that might result in litigation against the District are not yet known to a potential plaintiff or plaintiffs.

The Board adjourned to closed session at 11:23 a.m.

The Board reconvened from closed session at 11:54 a.m. GM Deutsch stated that no reportable action took place in closed session.

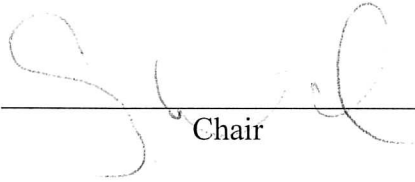
GM Deutsch also announced the he will be drafting a letter in support of AB 510 and sending it to Assembly Member Ken Cooley. The bill allows public agencies to manage their financial and


Chair


Secretary

equipment resources by setting their own records retention policies for recordings related to routine video monitoring, radios, and telephones.


There being no further business, the meeting was adjourned at 11:56 a.m. in recognition of Dianna Torrence and her many years of outstanding service.




Chair



Secretary



Chair



Secretary