

ORANGE COUNTY CEMETERY DISTRICT

Board of Trustees

August 9, 2024

MINUTES

The adjourned regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Cynthia Ward 11:02 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 Trustee Brian Heyman, Downey Cemetery District Roll Call by Board Secretary, Mary Funk.

PRESENT: Cynthia Ward, Chair Fourth District
Maribel Marroquin-Waldram, Vice Chair First District (Arrived 11:30 a.m.)
Kelly Rivers Second District
Noel Hatch Fifth District

ABSENT: Vladimir A. Anderson Third District

STAFF: Tim Deutsch, General Manager
Brenda Manriquez, Finance and Accounting Manager
Mary Funk, Board Secretary
Julio Amarillas, Cemetery Manager
Bud Bales, Cemetery Manager
Siennika Pryor-Winters, Cemetery Assistant

ALSO

PRESENT: Steve Quintanilla, General Counsel

PUBLIC COMMENTS

Trustee Brian Heyman with the Downey Cemetery District attended the meeting. Trustee Heyman provided a bit of background information on the Downey Cemetery District and stated that he would like to observe the meeting today to see how a larger cemetery district operates. Trustee Heyman also stated that he is a Congressional Liaison with American Legion and wanted to thank the Board, GM Deutsch and staff for all our efforts to assist in the establishment of the Veterans Cemetery at Gypsum Canyon. He noted that space is running out for Veteran interments and the Orange County State Veterans Cemetery is essential for our Veterans. He stated the project would not be as far as it is without the work of the Orange County Cemetery District.

Chair Ward asked if the Downey Cemetery is actively selling interment spaces. Trustee Heyman replied that they are sold out for casket interment space and most of the burials for the sold spaces have already taken place. Their sales come primarily from cremation niche space sales. Trustee Hatch asked what the area is like where the Downey Cemetery is located. Trustee Heyman said it is mostly residential with some industrial areas, adding that it is a pretty busy


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suburban/urban area. Chair Ward asked what the hours of operation are. Trustee Heyman responded that they are open seven days a week from sunrise to sunset. GM Deutsch asked if the cemetery is gated. Trustee Heyman stated that it is, but it is surrounded by a masonry wall that is fairly easy to climb and they have had some problems with people coming in after hours and vandalizing the grounds. They are hoping to have an upcoming capital improvement project to install wrought iron fencing around the entire perimeter to not only improve the aesthetics but to also improve the security of the grounds.

The Board thanked Trustee Heyman for his attendance and welcomed him to stay and observe the remainder of open session.

Assistant General Manager Mary Funk introduced new staff member, Siennika Pryor-Winters who will be serving dual roles as both a Cemetery Assistant and District Secretary. Ms. Pryor-Winters brings over 25 years of experience in the deathcare industry having worked at both private cemeteries, mortuaries, and national cemeteries. The District is very excited to bring her on board and put her experience and skills to work. The Board welcomed Ms. Pryor-Winters to the District.

CONSENT CALENDAR

- A. Approval of Minutes – Adjourned Regular Board Meeting, July 9, 2024.
- B. Approval of the July 2024 Check Register (Claims) Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, and 16.
- C. Authorization for the September 2024 Check Registers (Claims) Nos. 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48 and 49.
- D. Acceptance of the Quarterly Investment Report for period ending June 30, 2024.

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

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – June 2024

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

			<u>2023-2024</u>	<u>2022-2023</u>
ANAHEIM	Interments	6 (6 Urn)	80 (63 Urn)	87 (57 Urn)
	Lot Sales	1	32	40
EL TORO	Interments	84 (37 Urn)	925 (325 Urn)	938 (323 Urn)
	Lot Sales	57	847	1,3226


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SANTA ANA	Interments	15 (6 Urn)	213 (99 Urn)	188 (113 Urn)
	Lot Sales	3	84	76
TOTAL	Interments	105 (49 Urn)	1,218 (487 Urn)	1,213 (493 Urn)
	Lot Sales	61	963	1,442

GM Deutsch noted that since this report is for the last month of the fiscal year, it also includes historical data for interment services and interment space sales.

For interment space sales, Anaheim Cemetery ended the year with a total of 32 sales compared to 40 sales in 2022-23. For interment services conducted during 2023-24 the results were similar with Anaheim completing 80 interment services compared to 87 in the previous year. As expected, Anaheim’s cremation rate is the highest of all three cemeteries at 78.75% since the bulk of their services are now cremation based.

El Toro Memorial Park had 57 space sales for the month of June of which 37 were for full casket interment spaces. Chair Ward asked if all the casket spaces are double-depth. GM Deutsch confirmed that they were. Chair Ward also asked if families pay one fee for a double-depth space or are they charged for each level. GM Deutsch said that most private cemeteries will charge a fee for each level, but the District has never done that. We only charge one fee for a double-depth space. That follows with our mission of providing residents with affordable interment options. They are, however, charged for interment service fees each time a burial occurs. Trustee Hatch asked if there will be a limit on the number of interment spaces families can purchase at the Gypsum Canyon Memorial Park. GM Deutsch said that there will be some kind of a limit, but that is yet to be determined.

For Interment Services, El Toro Memorial Park conducted 925 interment services in 2023-24, just short of the 938 interments that were conducted in 2022-23. El Toro’s year-to-date cremation rate is at 35.14%.

With the elimination of pre-need casket sales, as expected, El Toro’s interment space sales are well off last year’s pace, with 847 interment spaces sold this year compared to 1,326 sold in the previous fiscal year.

Santa Ana Cemetery actually had a slightly higher number of interment space sales in 2023-24, with 84 interment space sold, compared to 76 in 2022-23. Santa Ana was also significantly higher in interment services conducted, with 213 interments completed in 2023-24 compared to 188 in 2022-23. Santa Ana’s cremation rate is at 46.48%.

Overall, the District was far below the pace on interment space sales with a total of 963 spaces sold in 2023-24 compared to 1,442 in the previous fiscal year. The District held steady overall on the number of interment services conducted. The District completed 1,218 interments in 2023-24 compared to 1,213 in the previous year. The District’s overall cremation rate is just under 40%. The industry standard is almost the complete opposite with cremations accounting for 60% to 65% of interments. GM Deutsch does not see the District following that trend any time soon.


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Vice Chair Marroquin-Waldram joined the meeting at 11:30 a.m.

B. Financial Reports – June 2024 (unaudited)

Brenda Manriquez reported that there are some accruals completed, but there will be more. The District has exceeded budget expectations for revenues primarily due to the exceptional interest rates and higher re-sale items such as vaults and flower vases. While some of these gains are offset by the reduction in space sales revenue, overall the District is still almost \$600,000 over budget expectations.

For expenses Salaries & Benefits have been trending high for the entire year. This is primarily driven by overtime costs and accounts for most of the \$272,000 overage showing in the report. Total Operating Expenditures are about \$113,000 over budget. However, \$66,000 of that is for the purchase of re-sale items, but as mentioned above, the revenue from re-sale items is up by almost \$114,000 so in terms of re-sale revenues and expenses there is actually a net gain. She stated that she will be bringing a report that shows how the Economic Uncertainty Fund is being used.

There were no new equipment purchases in June.

Brenda Manriquez stated that the Balance Sheet looks very good. Between the General Fund and the Pre-Need fund the District has about \$29.2 million available at our fingertips. We also have the \$20 million in escrow from our loan, and \$10 million in the Endowment Income Fund. All together, the District has about \$50 million to access if we need to. We have been saving up faithfully every year and have benefited from the excellent interest rates.

She also stated that the \$3.2 million in unassigned will go down some when all the expenses are in, but the District will still end the year with a surplus.

Trustee Hatch asked that looking ahead to when the construction of the new cemetery is completed, will the District be okay in terms of costs. Brenda Manriquez stated that the District is already starting to make payments on the construction loan, of which about 60% is going to interest and about 40% to principal. We are anticipating borrowing approximately \$10 million from the Endowment Income Fund and about \$8 to \$9 million from the Pre-Need Fund. These funds can be paid back over time with sales from Gypsum Canyon. GM Deutsch said he plans to discuss this in more detail when the Finance & Investment Committee meets in the fall. GM Deutsch also mentioned that the District is currently earning between 4.5% to 5% on our investments. Trustee Hatch stated that he expects interest rates to drop this fall. Brenda Manriquez stated that those decreases should only be 25 basis points each and rates should still stay in the high 4% range.

Trustee Hatch also expressed concern that everything is callable now on our investments. GM Deutsch stated that we need to try to get the best yield we can now, while we can. Brenda Manriquez reminded the Board that the Endowment Income and PreNeed monies are the District’s internal funds which can be paid back at any time. Although we will want to focus on paying back the Pre-Need Fund first, so we don’t take a hit when families come to use those services. But of course, the construction loan is our first priority to pay back.


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C. Interest Rates – June 2024

GM Deutsch stated these rates are through June 2024. There were some increases and some decreases and he explained that these are weighted averages. He also reported that California Class is continuing to do well at 5.4%.

D. Investment Portfolio Changes - July 2024

GM Deutsch reported that the District redeemed and purchased several bonds in July. The FFCB Agency Bond was called early. The District is trying to get investments in that same yield.

GM Deutsch stated that in the next six months the UBS Endowment Principal and Income Funds will have about \$1.9 million maturing. The Stifel Endowment Principal and Income Funds will have about \$1 million maturing. The Stifel Pre-Need Fund will have about \$2 million coming due. In future reports, GM Deutsch said that he will be breaking out Endowment Principal an Endowment Income, so you will be better able to see what is coming due. GM Deutsch stated that we also need to start asking when we should take these investments and put them into cash or into CA Class for short term liquidity with a little higher interest rates. GM Deutsch said he anticipates using the Endowment Income in 2026-27, so we are looking at investments with 12 to 18-month maturity dates. Chair Ward asked what the time period is between when we transfer to cash and when we actually spend those funds. She does not want it to appear that the District has a large amount of cash that it is just sitting on. GM Deutsch said that the District needs to manage that.

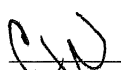
Chair Ward also asked if the maturity dates line up with our liquidity needs. GM Deutsch said that we will need to determine when to go from maturities of 12 to 18 months, to six months, to three months and then finally transfer to cash. Once those monies are in cash, they can be accessed in a day or two.

Brenda Manriquez stated that we have \$15 million in pools we can pay out in a day. We will want to use those funds first, before we liquidate anything else. GM Deutsch reminded the Board that before we can use any of the construction loan funding, the District has to pay \$10 million of the construction costs with our own funds first.

E. Capital Projects Update

GM Deutsch stated that the Capital Project Reports recaps all of the meetings that have taken place in July. GM Deutsch stated that on July 10th he met with RJM and GMU to look at alternate grading options for Gypsum Canyon.

On July 15th he met with Rojas Public Affairs. GM Josh Bonner with Coachella Valley Cemetery District used Rojas Public Affairs to secure grant funding of \$1.5 million for internal road projects at their cemetery district. GM Deutsch is reviewing a proposal they sent to see if there is any possibility that they could help with grant funding for the new cemetery. He will present this to the Finance and Investment Committee. Rojas Public Affairs is not commissioned based. They charge a flat fee. They will look at the Federal Funding cycle and determine when to submit. Grants could be used toward roadwork, utilities, and other project needs. Chair Ward asked if habitat restoration would be a need. GM Deutsch said that it likely would and he believes there is funding for that.


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On July 18th, GM Deutsch stated that he met with Questar Pipeline Officials about the status of the pipeline easement that runs through the cemetery development. GM Deutsch explained that he had talked to them previously. The line has not been used in years, they just want to maintain an easement, that will need to be pushed outside our boundaries.

GM Deutsch also said that he is working on a project schedule of all the things the District will be doing in the next 6 to 24 months. GM Deutsch stated that of course, July 23rd was great day for the District, with the Anaheim City Council voting unanimously to approve the project. GM Deutsch stated that he was happy that Councilmember Faessel, singled out Chair Ward to acknowledge her efforts to bring this project to fruition.

For the 2024-25 improvement projects, GM Deutsch stated that the wrought iron fence repair at El Toro Memorial Park around the flag pole and surrounding the LA 32 family estate gardens has been completed. Repairs still need to be completed on the fencing next to LA 31 and above the Niche Garden by the Angel of Hope. He also stated that we are intending to use our own staff at Santa Ana for the road removal. Staff is currently working out the details on this project and work is expected to begin soon.

For equipment, one utility vehicle is on back order and is being included in the 2024-25 fiscal year budget. The cemetery managers are working on getting quotes for the other pieces of equipment.

F. Strategic Plan 2024-29 Update

GM Deutsch stated that he will be providing a narrative on the Current State Assessment that will be included in the final strategic plan documents. He presented the action steps for 2024-25 and noted how some of the action items such as Anaheim City Council Approval is now showing completed. In the future, GM Deutsch plans to include this on the agenda every quarter, unless something significant occurs where he would want to provide the Trustees with a more current update. As tasks are completed he will fill in completion dates and put any necessary notes in the comments section.

GENERAL COUNSEL REPORT

Counsel Quintanilla reported on the 30-day waiting period that must be met now that the City Council has approved the project. Trustee Hatch asked if Counsel Quintanilla foresees any legal concerns on the horizon. Counsel Quintanilla stated that there is really no basis for challenging the Gypsum Canyon Project. However, if there were it would go to the City. He also stated that if there were to be any legal challenges, they would have to file a Notice of Intent. So far no such notice has been filed. Chair Ward asked if there is a residency requirement to file. Counsel Quintanilla said that there is not. It can be from anyone.

Trustee Rivers left the meeting at 12:00 p.m.

GM Deutsch suggested that the Board move to New Business, Item B at this time.


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NEW BUSINESS

B. Cemetery Assistant Position Addition

GM Deutsch explained that with the retirement of Diane Fuentes and Iris Tatro, and with Julio Amarillas dividing his time between Anaheim and Santa Ana there was a need to hire additional staff. During the recruitment, there were some very exceptional candidates that we believe have the potential to be eventually staffed at Gypsum Canyon. This will also allow us to fully staff all three cemeteries so the offices are not left unattended and will free up our groundskeeping staff to focus fully on their own responsibilities, rather than getting called in to cover the office in Julio’s absence. The net effect on the budget will be an additional \$56,000.00 GM Deutsch stated that it is important to get these staff members on board now so they can be fully immersed and trained in District operations and will be able to assist with the pre-need sales volume that we anticipate when Gypsum Canyon construction is underway.

MOTION: of Vice Chair Marroquin-Waldram, seconded by Trustee Hatch and carried by a vote of 3-0 (Trustee Anderson and Trustee Rivers absent for the vote), authorized the General Manager to add a Cemetery Assistant position to the Fiscal Year 2024-25 Budget.

ITEMS FOR FUTURE AGENDAS

No items were discussed for future agenda.

BOARD COMMENTS

ISDOC Quarterly Luncheon, July 25, 2024, Fountain Valley

Trustee Rivers attended this meeting, but since she was absent at this time, her comments for the ISDOC Quarterly Luncheon will be added again under Board Comments at the September Meeting.

ANNOUNCEMENTS

The CSDA Annual Conference is scheduled for September 9-12th in Indian Wells. Trustee Rivers will also be attending that conference.

GM Deutsch reminded the Trustees that CAPC will be holding its Annual Education Seminar & Area Meeting on October 11th and 12th in San Luis Obispo. Any Trustees who want to attend should let Board Secretary Mary Funk know so she can complete registrations and hotel reservations. GM Deutsch noted that the content is about 95% Trustee related, so he will not be sending any staff.

The Board adjourned to Closed Session at 12:17 p.m.

CLOSED SESSION

- A. Public Employee Performance Evaluation Pursuant to Government Code Section 54957.
Employee’s Title: General Manager


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O.C.C.D. – Minutes

August 9, 2024

- B. Labor Negotiations – Unrepresented Employee
 Pursuant to Government Code Section 54957.6(a)
 Unrepresented Employee: Tim Deutsch, General Manager
 District Designated Representative: Steven B. Quintanilla, General Legal Counsel

- C. Conference with Legal Counsel – Potential Initiation of Litigation
 Pursuant to Government Code Section 54956.9
 One Potential Case

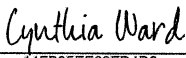
The Board reconvened from Closed Session at 1:15 p.m. Counsel Quintanilla stated that no reportable action took place.

NEW BUSINESS

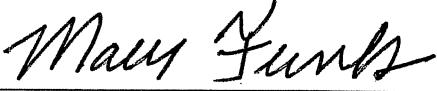
A. General Manager Employment Agreement Amendment (Oral Report)
 Counsel Quintanilla stated that this item should be listed again on the September Board Meeting as the Trustees requested additional discussion.

The next regular meeting will be held on **Tuesday, September 3, 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 1:18 p.m.

Signed by:


 Chair



 Secretary



 Chair



 Secretary