

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
July 7, 2020

MINUTES

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

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

PUBLIC COMMENTS

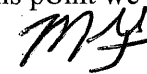
Mr. Ron Bengochea, a U.S. Veteran, joined the video conferenced meeting from Trustee Ward's location. He thanked the Board for making it possible for him to join the meeting and extended his appreciation to the Board for its efforts to establish a Veterans Cemetery in Orange County.

Mr. Bengochea was looking for confirmation from the Board on his understanding that 50% of the land donated to the District by the County of Orange would be reserved for a Veterans Cemetery. He also wanted to confirm that the District had agreed to allow interments in a section of the public cemetery for both U.S. Veterans and Veterans of U.S. allies. Mr. Bengochea also addressed his concerns regarding a requirement that veteran cemeteries be no closer than 50 miles from each other and hoped this would not present a problem at the Gypsum Canyon site. He also briefly touched on funding and what may be available from the State of California.

He added that the establishment of an Orange County Veterans Cemetery in Irvine continues to be a political football. He believes the residents of Irvine do not want a Veterans Cemetery in their community and he has become very discouraged to see Veterans fighting Veterans on this issue.

Trustee Ward asked Mr. Bengochea if Veterans saw Irvine as the preferred site, and the Gypsum Canyon site as a fallback. Mr. Bengochea stated that a Veterans Cemetery in Irvine would be great, but at this point we just need a Veterans Cemetery in Orange County. He believes the best


Chair


Secretary

opportunity for that is with the District and would like to see momentum shift from the Irvine site to the Gypsum Canyon location.

GM Deutsch said he would draft a follow-up written response for Mr. Bengochea that addresses all of the questions he put before the Board during public comments.

Mr. Bengochea thanked the Board again for their efforts in moving forward at Gypsum Canyon. He left the meeting at this time.

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, June 2, 2020.
- B. Approval of July 2020 Check Registers (Claims) Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17.
- C. Adoption of Orange County Cemetery District Resolution 2020-08, approving the District’s Overhead Rate.
- D. Adoption of Orange County Cemetery District Resolution 2020-09, adopting the Annual Maximum Appropriations Limitation for the Fiscal Year 2020-21.

MOTION: of Trustee 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 – May 2020

The following interment and interment space sales for May 2020 were reviewed:

			<u>2019-2020</u>	<u>2018-2019</u>
ANAHEIM	Interments	7 (4 Urn)	69 (45 Urn)	72 (34 Urn)
	Lot Sales	5	35	25
EL TORO	Interments	44 (3 Urn)	623 (199 Urn)	563 (210 Urn)
	Lot Sales	30	659	667
SANTA ANA	Interments	23 (4 Urn)	276 (62 Urn)	339 (56 Urn)
	Lot Sales	14	153	248
TOTAL	Interments	74 (11 Urn)	968 (306 Urn)	974 (300 Urn)
	Lot Sales	49	847	940

GM Deutsch stated that, all things considered, the month of May was not as bad as it could have been. In the latter part of June we started resuming normal activity for Pre-Need sales. Anaheim has seen little impact and is actually ahead year-to-date on sales and just slightly behind on interments. El Toro Memorial Park is only down by eight space sales when compared to the previous year and is headed toward a record number of interments with 60 more interments this year when compared to the previous year.


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Almost all of the sales District-wide were for at-need families, since pre-need sales were restricted in May. The low cremation rates can also be attributed to COVID-19 as families planning for cremation services have been encouraged to delay interments until the restrictions loosen. During May, El Toro Memorial Park handled 5 COVID related deaths and Santa Ana Cemetery had 2 COVID cases. Understandably, Santa Ana Cemetery experienced a low number of space sales for May with only 14 casket sales, all of them being At-Need.

GM Deutsch mentioned that even though sales are low at Santa Ana, El Toro Memorial Park is picking up many of the families that Santa Ana cannot serve. GM Deutsch estimates that at the rate of current sales, El Toro should have enough inventory to last about 8 to 10 years. GM Deutsch stated that while the space availability report shows 129 full casket spaces, realistically that number is probably closer to 80. There is one final area at Santa Ana that could yield additional interment spaces, but it is between the office and maintenance building and is not a very desirable location.

Chair Hatch asked how the opening of a new cemetery at Gypsum Canyon will impact inventory at El Toro. GM Deutsch said that he expects sales at El Toro to slow somewhat. With the views that are available at the new location, people will drive for that.

B. Financial Reports – May 2020

Brenda Manriquez reported that while these numbers are for May, she just got the June reports in and revenue is looking better. Credit card sales doubled for June when compared to May. For expenses, Brenda Manriquez reported that there were no significant changes or variances. The purchase of the new van will show in the June financial reports. She also stated that approximately \$15,000 of expenses were for consulting services on the Gypsum Canyon site. Roughly \$15,000 was spent on a welding contractor for the installation of the new swing gates at Santa Ana Cemetery.

The Balance Sheet shows \$3.977 million in unassigned Funds. After reserving approximately \$475,000 for the completion of Phase Three of the Santa Ana Cemetery Paving project, any balance over \$1.8 million will be committed for the purposes of cemetery development.

Brenda Manriquez also noted that there has been some delays at the County getting invoices paid.

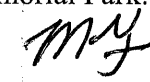
C. Investment Portfolio Changes – June 2020

GM Deutsch stated that there were a lot of changes in June and he wished he had better rates to report. As investments that are at or above 2% mature or are called early, it has been extremely difficult to stay above 1%. In terms of maintaining the District's five-year ladder, GM Deutsch said it doesn't make sense to commit funds for 5 years with rates so low. He hopes they will improve in a couple of years. He also stated that the District should expect to see more early calls as interest rates drop.

D. Capital Projects Update

GM Deutsch reported that the installation of the swing gates at Santa Ana Cemetery has been very timely and beneficial in controlling the flow of traffic between Santa Ana Cemetery and Fairhaven Memorial Park. For the asphalt project, the first two phases are complete. Phase


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three, which includes the retention basins will begin on July 13th. This final phase, as was mentioned in the Financial Report, will cost approximately \$475,000. A slurry must go down 30 days after the asphalt is placed. GM Deutsch estimates the slurry will occur in late August to early September. The slurry will take place park-wide at the same time so some closures will be needed. Striping and speed bumps will be done last.

GM Deutsch noted that the District has received the new van. Originally, the District was going to purchase an all-wheel drive van, but the COVID pandemic stopped production on special orders. We have used the van only minimally for now and will wait until the COVID pandemic calms before shuttling families in the van.

UNFINISHED BUSINESS

A. COVID-19 Update

GM Deutsch reported that not much has changed in how we are operating, except that now we are scheduling cremation interments and conducting pre-need transactions again. There are a number of families on the waiting list at El Toro Memorial Park who want to make pre-need purchases. Cemetery Assistant Kim Eazell has worked on a couple of Saturdays taking appointments from those families on the waiting list.

For interment services, if the death was not COVID related, the District is allowing no more than 50 people to gather at the graveside. If the death is COVID related, the District is allowing no more than 25 families at the graveside. For COVID deaths, staff will not approach the gravesite until all visitors at the gravesite have returned to their vehicles. All visitors are asked to wear masks and observe appropriate social distancing. The District has an ample supply of masks, wipes and disinfectant. When families arriving for appointments do not have masks, the District can provide them. Offices are still closed to the public and all appointments are still being held outdoors. The golf carts are also set up to provide proper social distance. Most families have been very understanding of these precautions. Interment crews are treating every burial as though it could be a COVID case, using gloves and distancing from families at gravesites.

GM Deutsch did report that one employee was feeling ill and was concerned that they might be positive for COVID. The employee was instructed to go home and self-quarantine until they received the results of a COVID test. Fortunately, it came back negative, and the employee was able to use the emergency COVID leave for the six hours of work he missed the one day he was out.

GM Deutsch said that the District does have appropriate thermometers that staff can use if we decide to open the offices up to the public again.

Chair Hatch asked if employees are being tested. GM Deutsch said that the District is not testing the employees. If an employee feels ill, he or she is instructed to stay home and self-isolate until test results come back. Trustee Rivers commented that CVS will do COVID testing for free through their drive-throughs. You have to call ahead for an appointment and test results are emailed back to you in about four days.


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NEW BUSINESS – NONE

COMMITTEE REPORTS

Finance and Investment Committee Meeting, June 23, 2020

A. 2020-21 District Fee Review and Adoption by Resolution No. 2020-10

Trustee Nelson explained that the Finance and Investment Committee met on June 23rd and one of the items discussed was a review of the Master Fee Schedule. Each year staff goes through a process to determine if any of the fees need to be revised based on several factors, including comparable interment space fees in other Orange County cemeteries, Consumer Price Index percentages, current staff labor rates, the District Overhead Rate, and benefit percentages.

There are basically three kinds of fees. They are: the Endowment Care Fees which are for the perpetual maintenance of the parks; Interment Service Fees, which are direct costs for conducting services; and Interment Space Fees, which are the costs charged for selling interment rights to a space. The Committee recommends a \$25 increase to all Endowment Care Fees; a minimal one percent increase to all interment space fees with the exception of infant space which will remain at \$350; and some minor changes to some of the interment service fees. No new fees are being added. GM Deutsch estimates that these increases will yield approximately \$60,000 in additional revenue.

The new rates will go into effect on August 10, 2020. The District will honor the old prices for families who asked for quotes or set up appointments prior to the rate increase taking effect. Chair Hatch asked, as a public agency, if service fees are pretty much break even. GM Deutsch said that was correct. They should represent our true costs.

MOTION of Trustee Nelson, seconded by Trustee Rivers and carried by a vote of 5-0, adopted Orange County Cemetery District Resolution No. 2020-10, approving the District’s Master Fee Schedule, to be effective August 10, 2020.

B. 2020-21 Fiscal Year Budget

GM Deutsch gave a PowerPoint presentation highlighting the various components of the 2020-21 Fiscal year budget. Topics of the presentation included General Fund Revenue Projections, General Fund Expense Projections, General Fund Capital Improvements, 10-Year Projections, and a brief overview of each cemetery. GM Deutsch estimates \$ 5.7 million in projected revenue and approximately \$4.4 million in expenses.

The budget for capital improvements is \$1,570,000. This includes the \$470,000 re-budget of third phase of the Santa Ana Cemetery paving project, \$300,000 for New Cemetery Development, and \$800,000 of a paving project at El Toro Memorial Park and a landscape beautification project of the Trabuco slope at El Toro.

GM Deutsch stated the District has allocated \$200,000 for the purchase of a new backhoe, a mower, a utility vehicle, and a golf cart.


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Trustee Ward stated that she noticed a couple of minor grammatical errors that did not impact the substance of the budget. GM Deutsch said that the Board is approving the numbers in the budget today. Additional statistics and historical information will be added when the final year-end numbers are available. He encouraged the Board to please notify him of any changes to the narrative because there is still time to make corrections on the text.

MOTION of Trustee Nelson, seconded by Trustee Ward and carried by a vote of 5-0 adopted Orange County Cemetery District Resolution 2020-11, approving the budget for Fiscal Year 2020-21 and;

District Fund Budget Units	
754 General Fund.....	\$6,004,700
756 Endowment Income	\$200
757 Pre-Need	\$325,300

ITEMS FOR FUTURE AGENDAS - None

BOARD COMMENTS



A. CSDA Exhibitor Series – Stifel Investment Services, July 1, 2020

Trustee Nelson stated he attended this video conferenced meeting where Sandra Wheeler and Tim Deutsch reviewed different kinds of investments for special districts and discussed the concept of laddering. GM Deutsch commented that during the presentation, he commended Trustee Nelson for his years of financial guidance to our District. Chair Hatch asked everyone was satisfied with the performance of Stifel. GM Deutsch said that he is very pleased, and it was good during the presentation to see Sandra Wheeler receive credit for the investing success our District has experienced. Trustee Nelson commented that Sandra Wheeler has been serving the District for 16 years through four different companies.

Santa Ana Incident Update

The Board asked for an update on the homicide which occurred at Santa Ana Cemetery. GM Deutsch reported that he and Cemetery Manager, Julio Amarillas as well as Irrigation Specialist Martin Galvez, all came to the cemetery to assist the police as needed as the investigation occurred. GM Deutsch explained that the shooting occurred after hours at about 6:15 p.m. as the security guard was clearing people from the park. No District staff were present at the time. It did not appear to be a targeted event but rather a dispute among people who were visiting a gravesite. Alcohol was also clearly present.

GM Deutsch said he and Cemetery Manager Julio Amarillas had a very productive meeting with Fairhaven Memorial Park and the Santa Ana Police Department. We are working with Fairhaven to make the best utilization of the swing gates to secure both cemeteries and security has been increased with two guards now patrolling on weekends. Both cemeteries are now closing at 5:00 p.m. with security beginning the closing process at 4:00 p.m. The police department is aware of the District’s ordinance, so the City can ticket or fine those who have open containers on cemetery grounds. GM Deutsch said he is working with our legal counsel to make sure we have

	
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all the requirements in place to make it possible for police to act. The police will do all that they can to deescalate situations that may become violent.

Trustee Ward asked if counseling services were available for any staff who might need it. GM Deutsch said that this was not an issue for Julio Amarillas or Martin Galvez and they both came to the cemetery to assist voluntarily. GM Deutsch said that he would reemphasize to staff that the County does have an Employee Assistance Program that offers counseling services.

Finance and Investment Committee – Additional Comments

Trustee Nelson reported that during the Finance and Investment Committee Meeting Sandra Wheeler from Stifel gave a presentation on managed mutual funds through Thornburg Investment Management that include government agency bonds and Treasuries. Trustee Nelson said that two scenarios were presented to the Committee. The first had an investment of \$500,000 and offered a yield of approximately 1.6%. The second had an investment of \$1 million and offered a yield of approximately 1.82%. The return is not guaranteed and could even go negative. The Committee decided not to move forward at this time, but would take another look at it in September.

The Committee also briefly discussed funding for the new cemetery. GM Deutsch will prepare a report for the committee to discuss again in September after the initial submittal to the City of Anaheim has taken place.

ANNOUNCEMENTS

The next ISDOC Quarterly Meeting will be hosted virtually on July 23rd. All of the Trustees as well as GM Deutsch would like to attend.

The next regular meeting will be held on **Tuesday, August 4, 2020**, at 10:00 a.m., at the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

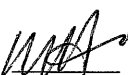
There being no further business, the meeting was adjourned at 11:50 a.m.



Chair



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