

CEMETERIES BOARD OF TRUSTEES  
CITY OF FORT LAUDERDALE  
Bank of America Offices  
401 Las Olas Boulevard, 21<sup>st</sup> Floor  
Thursday, January 10, 2008  
12:30 p.m.

<u>Board Member</u>	<u>Attendance</u>	Cumulative Attendance 2/2007 – 1/2008	
		<u>Present</u>	<u>Absent</u>
Mark Van Rees, Chair	P	3	3
Victoria Mowrey, Vice Chair	P	6	0
Alfred Calloway	P	5	1
Anne Platt	P	5	1
Jose Portela	P	6	0
Dolores Sallette	P	3	1
Larry Sherman	P	5	1
Susan Telli	A	2	2

Also Present

Julius Delisio, Cemetery Board Liaison  
Penelope Smith, Bank of America Private Client Manager  
Jim Buchanan, Bank of America Trust Officer  
Johnny Miller, Bank of America Portfolio Manager  
Lisa Slagle, City of Ft. Lauderdale  
Cate McCaffrey, Director, Fort Lauderdale Business Enterprises  
John Banas, Carriage Services  
Jamie Oppерlee, Recording Secretary [1:45]

The meeting was called to order by Chair Van Rees at 12:30 pm.

**1. Minutes Approval**

**Meeting of 11/8/2007**

**Motion** made by Ms. Mowrey, seconded by Ms. Sallette, to approve the minutes of the November 8, 2007 meeting. In a voice vote, the motion passed unanimously.

**2. Old Business**

**A. Cemetery Contract**

Mr. Delisio explained that both bids had been evaluated and scored by the Evaluation Committee on December 19, 2007, and the result was: CFS Funeral Services – 87 points; Fred Hunter Memorial Services – 79 points. The

Committee's recommendation would be put on the City Commission's February 5, 2008 agenda.

Ms. Mowrey remarked that the bid and evaluation process used by the City was "an unusual method" that left very little room for discussion among the Evaluation Committee members. Ms. Mowrey believed either company would have done a great job. She and another Evaluation Committee member had noted that there had been a great deal of turnover at Carriage in the past few years and they were seeking greater continuity.

Mr. Delisio said the City had been concerned as well about the management turnover, and he had asked Carriage to find a local person to operate the cemeteries. Mr. Delisio believed Carriage had listened to his concerns and hired Mr. Banas. Mr. Delisio felt much more comfortable now that they had found a local manager.

Ms. Platt did not believe the City realized the effort the Board had made to ensure that Carriage changed and improved their management practices.

Chair Van Rees thought the RFP process might be antiquated, and Mr. Delisio explained the process, and how it ensured fairness in the selection. Mr. Calloway wondered why there were only two responses to the RFP. Ms. Mowrey felt that many companies were not used to dealing with city-owned cemeteries.

Ms. Platt asked if past performance had been a component of the evaluation. Mr. Delisio informed her that Carriage had provided two references. Ms. Mowrey said an evaluation of performance by the City of Fort Lauderdale had not been part of this process. Ms. Platt felt this should be a part of an evaluation.

Mr. Delisio pointed out that the contract included significant dollars for a master plan, and asked the Board to carefully consider spending money for a master plan at Sunset or Evergreen, where there was "nothing to master plan" because they were built out. Ms. Platt felt the master plan would be for all three cemeteries, and how to best utilize them in the future for aesthetic purposes. It appears we need more of a landscape plan than land use.

Chair Van Rees felt a master plan would enable the City to plan for the future. He did not believe that the current structure properly addressed needs, and he thought the master plan must be presented to the City Commission to allow them to understand that whatever their personal beliefs were, the cemeteries must be maintained to benefit everyone wishing to use it.

Ms. Mowrey stated her support for Carriage, and her belief that Mr. Banas had the desire and the mentality to deal with the cemeteries, the City and the

Board. She cautioned that the Board must maintain a watchful eye, and see to it that the City Commission understood the magnitude of having city-owned cemeteries.

**Motion** made by Ms. Mowrey, seconded by Ms. Platt, to accept the CFS contract and forward it to the City Commission. In a voice vote, motion passed unanimously.

### **3. New Business**

#### **A. Revised Design for Private Mausoleum at Evergreen**

Mr. Delisio presented a floor plan of the revised design to the Board.

**Motion** made by Ms. Platt, seconded by Ms. Sallette, to approve the private mausoleum at Evergreen. In a voice vote, the motion passed unanimously.

#### **B. Maintenance Reimbursement Revisions**

Mr. Delisio explained errors on the original maintenance reimbursement for April 2007 – June 2007 to the Board.

**Motion** made by Mr. Sherman, seconded by Mr. Calloway, to approve the revisions to the maintenance reimbursement for April 2007 – June 2007. In a voice vote, the motion passed unanimously.

#### **C. Lauderdale Memorial Park Mausoleum Design**

Mr. Delisio presented detailed renderings of the mausoleum design to the Board and stated it was a “great design.” He said it mirrored the Building Phase I at Lauderdale Memorial where the chapel was. Mr. Delisio informed the Board the designer had drawn the design to scale, and the result was 4,000 crypt spaces with this design. Mr. Delisio explained to Chair Van Rees that this space would have yielded approximately 1,200 ground spaces.

Ms. Mowrey asked about the materials, and Mr. Delisio described granite walls and stated they had not yet determined material for the roof. He said they would meet in March and would then have more technical information. Mr. Delisio responded to a question from Chair Van Rees, saying the construction would begin without awaiting presales.

Regarding the need for a Master Plan, Ms. Platt believed this would allow them to apply a uniform design aesthetic throughout the cemeteries. She felt

they now developed in a “Hodge Podge” manner. Mr. Delisio did not believe a Master Plan would provide this common design aesthetic.

**Motion** made by Mr. Portela, seconded by Mr. Sherman, to approve the Lauderdale Memorial Park Mausoleum Design. In a voice vote, the motion passed unanimously.

#### **D. Bank of America Presentation**

Mr. Jim Buchanan, Bank of America Trust Officer, drew the Board’s attention to the December statement and explained its components, and how to read the summary pages.

##### The Economy

Mr. Johnny Miller, Bank of America Portfolio Manager, explained that the market at the start of 2008 was the worst since 1904, and the outlook for a recession was over 50%, but Mr. Miller did not believe the country would experience a recession. He felt it would suffer another quarter of economic slowdown, with a 0% to 1% Gross Domestic Product growth rate.

Mr. Miller continued that the market for 2007 had finished at 5% up, as he had predicted. He remarked on how the housing and building industries’ slowdown had filtered down to the retail level to slow the economy. Mr. Miller explained the cycle of corporate/consumer spending for the past 7 years. He pointed out that corporate balance sheets were “probably better than they’ve ever been in U.S. history” so corporate America could weather a recession easily.

Mr. Miller stated corporate profit outlooks were considered a leading indicator for the market. Each year, economists predicted the profit outlooks, but he claimed these had been off by up to 25%, and so these could not be relied on.

Mr. Miller believed large cap stocks were the most undervalued market today, and he favored large cap growth stocks. He also favored active management to passive at the present time.

Mr. Miller felt the prime rate would probably be cut by 50 basis points in January and February, meaning that bonds should be purchased now, in advance of the cuts, to preserve attractive yields.

##### The Portfolio

Mr. Miller directed the Board to Tab 1 of the Investment Review, and explained that the international economy was slowing considerably, and re-coupling. Re-coupling meant all the world economies were slowing at the same time. Mr. Miller thought the U.S. had lead the way into the slowdown, and would

lead the way out. He anticipated this would begin in the second quarter for the U.S., and in the third or fourth quarters for the other world economies.

On the Strategic Asset Allocation Model page, Mr. Miller explained the Cemetery account fit the "Balanced" model. For this type of account, the total return would be approximately 7.4%, the standard deviation was approximately 8%, the yield was approximately 3.5% and the Sharpe ratio was .51%. Mr. Miller stated the standard deviation meant that 90% of the time, the range of return would be 0% to 15% to avoid severe "down years."

Under Tab 3, the Year to Date Asset Reconciliation, Mr. Miller noted that the beginning value on January 1, 2007 had been \$16,045,132; there were \$570,464 deposits and \$743,729 withdrawals, for a total investment gain after fees of \$1,299,333. The Ending Market Value of the account was \$17,171,199.

Mr. Miller provided the asset allocation: \$8.7 million, or 50% of the portfolio, with a 1.66% yield in stocks; \$6.6 million, or 40% of the portfolio, with a 5.3% yield in bonds, and \$1.8 million, or 10.67% of the portfolio, with a 3.4% yield in cash.

Mr. Miller referred to the Investment Performance Review page and pointed out that since 1999, the account had outperformed the S&P 500 Index by as much as 15%. In 2002, when the market was off 22%, this account was only down 7%, and since then, they had experienced great returns.

Mr. Delisio stated over 50% of the portfolio was expendable for capital projects, because it represented gains on their investments. The remaining funds, which represented deposits [the corpus] must stay in the account.

Mr. Miller informed the Board that the account was earning an average yield of 3.8%, representing approximately \$600,000 in income. Ms. Smith stated the account fee was approximately ½ %, or around \$82,000.

Ms. Platt believed if they made additional improvements to the aesthetic plan, they could sell additional mausoleums. Mr. Delisio advised they should budget some perpetual care money for discretionary funds. He reminded the Board that the first year of the contract included many capital projects, and they may work on \$200,000 worth of matching capital projects with the contractor this year.

Chair Van Rees said now that the new building at Sunset was complete, they must return to other projects they had discussed, such as the 4<sup>th</sup> Street entrance. Mr. Delisio pointed out that re-bidding the contract had changed the capital project contributions Carriage would make. He felt they knew better now what the contributions would be.

Ms. Platt wanted to establish a foundation for aesthetic improvements to solicit donations for cemetery improvements. She asked Mr. Delisio to research what must be done legally to create this non-profit foundation. Mr. Delisio informed her that the City would not establish a foundation; she could do this as an individual. Mr. Miller advised Ms. Platt to go through the Broward Community Foundation to set up the foundation. The foundation would then elect a Board to determine how to spend the funds.

Mr. Miller outlined some new investments he was investigating for 2008, including a real estate partnership through LaSalle, which had a 12% return. He said he planned to invest approximately \$750,000 in this.

#### Other Items

Mr. Sherman remarked on the fact that Evergreen was getting a bit “tacky” with visitors performing custom decorating. Mr. Delisio was familiar with the site to which Mr. Sherman referred and said now that the holidays had passed, there would be a large-scale clean up.

Ms. Platt reminded the Board that they had agreed at the previous meeting to discuss the Australian Pine regeneration problem at this meeting. Mr. Delisio reported that the Australian Pines and Florida Holley had been taken care of at Evergreen.

Mr. Miller offered to meet with any Board member who had additional questions regarding the investments.

#### **4. Adjournment**

The Board’s next regular meeting was scheduled for March 13, 2008.

There being no further business to discuss, the meeting was adjourned at 2:55 p.m.

Minutes prepared by: J. Opperee, Prototype Services