

CEMETERIES BOARD OF TRUSTEES
CITY OF FORT LAUDERDALE
CITY HALL 8TH FLOOR CONFERENCE ROOM
THURSDAY, SEPTEMBER 11, 2008
3:30 p.m.

| <u>Board Member</u> | <u>Attendance</u> | Cumulative Attendance 2/2008 through 1/2009 | |
|------------------------------------|-------------------|--|---------------|
| | | <u>Present</u> | <u>Absent</u> |
| Mark Van Rees, Chair [3:49] | P | 4 | 0 |
| Victoria Mowrey, Vice Chair [3:50] | P | 4 | 0 |
| Alfred Calloway | P | 4 | 0 |
| Larry Ott | P | 3 | 0 |
| Anne Platt | A | 1 | 3 |
| Jose Portela | P | 4 | 0 |
| Dolores Sallette | P | 3 | 1 |
| Larry Sherman [3:47] | P | 4 | 0 |
| Susan Telli | P | 3 | 1 |

Also Present

Julius Delisio, Cemetery Board Liaison
Cate McCaffrey, Director Business Enterprises
John Banas, Carriage Services
Trevor Jackson, Carriage Services
J. Opperlee, Recording Secretary

The meeting was called to order by Ms. Telli at 3:42 pm.

1. Minutes Approval

○ **July 2008 Meeting**

Motion made by Mr. Calloway, seconded by Ms. Sallette, to approve the minutes of the Board's July 2008 meeting. In a voice vote, the motion passed unanimously.

2. Old Business

A. Customer Pre-installed Lawn Crypts

Mr. Delisio explained that years ago, in the 1990s, there had been a program for preinstalled vaults they had discontinued. This reasons this was discontinued were A) because of the type of vaults that had been used and B) because technically a person could pay off a vault and never pay off the property. Mr. Delisio acknowledged that pre-installed lawn crypts were perfectly allowable

within the regulations. He explained there was an individual at Evergreen who wanted to pre-purchase for their family pre-installed vaults, so that no family member would ever need to worry about anything.

Mr. John Banas, Carriage Services, described the engineered lawn crypt system. He informed the Board that individual boxes were laid on a prepared pea gravel base with drainage pipes. He remarked that this was a very clean and orderly way to place the vaults in the ground, and added they could be set 2 inches apart. He referred to a layout diagram and stated because the crypts were right next to each other and took up less space, the benches would not need to be moved to access the graves, and a backhoe would not need to be used to access the graves. Mr. Banas informed the Board that there were engineered lawn crypts in competing cemeteries.

[At 3:47 Mr. Sherman arrived]

Mr. Banas explained to Ms. Telli that this was proposed for one family at Evergreen. Mr. Delisio said the family owned 12 spaces up against the fence just east of the Jewish area. Mr. Banas said one reason the lawn crypt idea had come up was because on this site the family would not be able to use two of the spaces because they were too close to the fence and the backhoes could not access that area.

[Chair Van Rees arrived at 3:47]

Chair Van Rees asked if they were considering these for Sunset and Lauderdale Memorial Park. Mr. Banas said they would consider it at Sunset, but it would require garden development. He remarked it would behoove them to consider this at Sunset, due to the lack of remaining land there.

[Ms. Mowrey arrived at 3:50]

Mr. Banas explained the units were made of steel reinforced concrete, and were the same as those used in the National Cemetery. Mr. Banas assured Ms. Telli these would not pop up in a flood because they did not hold air in a sealed environment. Mr. Banas confirmed that no trees would be disturbed for these lawn crypts.

Mr. Delisio explained that in the past, everything in Evergreen Cemetery had been reserved, but they no longer allowed reservations. Mr. Delisio said this did not entail pre-purchases, only reservations. The Elks was one organization that had reserved an area, and Mr. Delisio said he had contacted the Elks and they had no idea this reserved area existed.

Mr. Sherman asked if there would be a limit on the monument size. Mr. Delisio said there was no limit in Evergreen on the private estates. He said this was one reason people chose Evergreen: they wanted large upright monuments. Mr. Banas said this family wanted an 8-foot by 5-foot monument. Mr. Banas said the price of the crypts was \$2,000 including installation. Opening and closing was the standard price. Mr. Banas explained to Ms. Telli that the entire system would be installed at once and individual crypts would be accessed as needed.

Mr. Banas agreed to find out the life expectancy of the crypts and report back to the Board. He was certain it would be no less than the current vault base model and no more than current vault top-of-the-line model.

Board members approved of the pre-installed lawn crypt concept.

3. New Business

A. Maintenance Reimbursement April – June 30, 2008

Mr. Calloway asked what utilities existed at Evergreen. Mr. Delisio said water was the only utility there. He noted there were two significant billings for water because there had been major leaks at Evergreen and Lauderdale that had gone undetected. Mr. Delisio explained the reason why the water bill had been so low in May: the water company had allowed them to defer paying the bill until they determined whether the leak was the water company's problem or the cemetery's problem.

Ms. Mowrey suggested reading the water meters more than once per month. Mr. Delisio did not feel the water company would do this. He noted it was rare a leak occurred and went undetected, since maintenance was constantly being done on the lawn. Mr. Delisio noted these were 70-year old grounds, and the western portion was continually filled, so some of the pipes were buried very deep. Mr. Calloway felt there must be software that would allow them to monitor water usage and detect leaks before they became very expensive.

Ms. Telli asked that in the future Mr. Delisio provide a detailed explanation for any items with large variances month-to-month. Mr. Delisio said he had brought this.

Ms. Mowrey wondered about the sharp May decrease in Facilities - Small Tools and Supplies at Lauderdale Memorial Park. Mr. Banas said this was partly attributable to how the bills were paid. If invoices were not submitted by a certain time, they would not be submitted that month for payment. Some bills therefore doubled up in some months and were not paid in other months. Regarding the small tools, Mr. Banas said tool breakage was unpredictable.

Ms. Mowrey asked about the increase in trash pickup fees. Mr. Banas explained this related to their method of disposing of “spoils” which was the left over earth when vaults were placed. There were times this material could be picked up free by builders who desired fill, but recently there had been no call for the material, so they must pay to have it removed. Mr. Banas explained when the material became visible from the park they had it removed. Chair Van Rees noted that in the past, the pile had gotten extremely large and could be seen through the green webbing. He asked Mr. Banas and Mr. Jackson to keep up the maintenance.

Chair Van Rees pointed out that oil and gas costs for June had more than doubled and wondered if this related to interment count. Mr. Delisio explained the lawnmowers went through 140 gallons of gasoline per week when used. He reminded the Board that in April and May they had done very little mowing because of the lack of rain. When the costs shot up in June, he was concerned about theft and had investigated. He assured the Board the gas was not being stolen, it was being used. Mr. Banas added this was a 500-gallon gas tank, and there was no set schedule for refilling it. This was another expense that could appear to double within a month because a refill might be required twice within one month.

Mr. Delisio reported they had purchased 24 spare crypt fronts: 12 for Lauderdale and 12 for Sunset at a cost of \$350 to \$400 each.

Motion made by Ms. Sallette, seconded by Mr. Portela, to approve the April – June reimbursement agreement. In a voice vote, motion passed unanimously.

B. Perpetual Care Trust Fund Overview

Mr. Delisio reminded the Board that the previous month, Bank of America had made a proposal explaining changes they would make to the trust fund account, specifically the assignment of specific money managers to control specific portions of the portfolio. The Board had agreed to reallocate the portfolio according to the presentation made by Bank of America. A few days after the Board had approved this, Bank of America had informed Mr. Delisio that the fees included in the presentation had been incorrect. Mr. Delisio had informed the Board that the information would need to be amended, but subsequently Bank of America had not actually done what they proposed. Therefore, based on the letter sent the Board need not take any action to revise the fee structure.

Mr. Delisio said the accounting department was concerned about the June statement when they noticed a \$1.5 million overdraft. He explained that Bank of America had traded and not received the money in time to cover the purchase,

and they had informed him that the portfolio would not be charged for the overdraft; they had lent the portfolio the money for couple of days interest free. The most recent communication Mr. Delisio received from Bank of America indicated their funds had been moved into Bank of America instruments. Mr. Delisio had questioned why the funds had not been put into the money manager accounts per Bank of America's presentation, and Mr. Miller replied that since the fee schedule had been incorrect, he had not moved the money because he was unsure the Board wanted to do this.

Chair Van Rees said he had examined the last statement in detail and was surprised. Mr. Delisio noted that in the past their statement always showed the dollar value of the portfolio. As of June, Bank of America had moved the accrued earnings into the portfolio value, which increased the value of the portfolio to include money they did not actually have and had also incurred a corresponding increase in the base fee they were paying Bank of America.

Mr. Delisio distributed a spreadsheet illustrating the difference between what Bank of America had proposed in July and what had actually been done with the portfolio. Mr. Delisio explained that generally, they wanted 60% of the portfolio in fixed income and 40% in equities and the investment policy allows that to vary to take advantage of markets. Mr. Delisio said he questioned the high cash position and putting part of the portfolio into commodities.

Mr. Calloway asked what Bank of America's strategy was to maintain such a high cash balance. Mr. Delisio reminded the Board that it was their obligation to decide what to do with the portfolio, and they could ask Bank of America why so much of the portfolio was in cash when it was proposed to only be 2%.

Ms. Mowrey pointed out that things were not good for anyone right now and they must be more careful than ever with the portfolio. She said she had not realized that Bank of America [under any previous name] had always been the trustee. Mr. Delisio confirmed that this agreement had never been out to bid since at least 1972.

Ms. Telli said the Board had asked in the past for an RFP to be put out to invite presentations from different institutions, but this had been defeated. She said it was imperative that Bank of America return to the Board to explain why they had not done what they explained in their proposal.

Ms. Mowrey said it was unacceptable for Bank of America [or any other entity] to make a proposal and gain Board approval, and then do something entirely different from that proposal. The Board did not want to wait to address this with Bank of America, and Chair Van Rees stated they would hold a special meeting

for Bank of America to provide a full explanation and disclosure. Ms. Telli asked Mr. Delisio to make those arrangements and to ensure that representatives of the City Attorney's office and the Finance Department were present.

Mr. Delisio explained that according to the trust agreement, Bank of America did have discretion to do what they wanted. He asked if there were two issues to address: the fact that Bank of America had not done what they said they were going to do and the fact that everything they purchased happened to be Bank of America products.

Chair Van Rees said he had lost trust in the Bank of America managers, and felt they should go out to bid and discuss other options. Mr. Calloway wondered if the Bank of America was using the trust fund money to shore up its own position.

Mr. Delisio advised the Board they could put this out to bid. He explained that the purchasing department would create an RFP, and a selection committee would be created. The selection committee would consist of at least five people, and Mr. Delisio suggested two or three members of the cemeteries Board be included on this committee and he would also like to include City employees who specialized in this area. Public meetings would take place, the selection committee would narrow their choices, and the chosen vendors would make presentations to the selection committee. The board would then make a recommendation to the City Commission.

Motion made by Mr. Calloway, seconded by Ms. Mowrey, to put the Trust Fund Investment Agreement out to bid. In a voice vote, motion **passed** unanimously.

Mr. Delisio asked the Board to decide how many members would be on the selection committee. The Board decided on Chair Van Rees, Ms. Mowrey and Ms. Sallette.

Chair Van Rees still wanted to call Bank of America to a special meeting prior to the November meeting to explain the changes they had made to the account. Mr. Delisio offered we write a letter to Bank of America regarding the issues and allow them to respond. The Board could then decide what to do.

Mr. Delisio read an email response from Mr. Miller when he had asked for clarification regarding how the portfolio had been re-allocated. Mr. Miller's email informed him that the fund managers they had discussed had not been utilized because they involve an additional fee, and they did not want to go that way now because of the approval process. Mr. Miller said in the future they may consider amending the investment policy to cover this and other asset classes, but for now, they had utilized all in-house managers where no additional fees would be charged.

Ms. Mowrey stated this was not an answer to the question. Mr. Delisio said if they had gone to Victory Newbridge and hired a manager, they would have been paid 40 basis points. Instead, the funds were used in-house and purchased Bank of America mutual fund. Mr. Delisio said there is an internal expense ratio for mutual funds and these are reflected on the last pages of the statement.

Ms. Mowrey felt the Board must have a meeting with Mr. Miller to ask him why he had not followed through with his presentation. Chair Van Rees said there must be some immediate reallocation. Mr. Delisio agreed to call Mr. Miller and set up a meeting. Ms. Telli asked Mr. Delisio to get an opinion from the City Attorney regarding what had occurred. She was not certain Mr. Miller had acted within the guidelines of the investment agreement.

Mr. Calloway wondered if it would be advisable to have City staff accountants present whenever the investment advisers visited the Board. Ms. Cate McCaffrey, Director of Business Enterprises, said she would look into this. Mr. Delisio said the RFP would be specific and the investment policy would be amended to make sure that everything was benchmarked against peer groups.

Other Items

Ms. Mowrey said she had driven by Evergreen recently and noted that the well house was in need of repair or replacement. Mr. Delisio said they had considered whether it was worth renovation. He agreed to look into this and report back to the Board.

4. Adjournment

The Board's next regular meeting was scheduled for November 13, 2008.

There being no further business to discuss, the meeting was adjourned at 5:48 p.m.