

CEMETERIES BOARD OF TRUSTEES
 CITY OF FORT LAUDERDALE
 CITY HALL 8TH FLOOR CONFERENCE ROOM
 THURSDAY, NOVEMBER 13 2008
 3:30 p.m.

<u>Board Member</u>	<u>Attendance</u>	<u>Cumulative Attendance</u> 2/2008 through 1/2009	
		<u>Present</u>	<u>Absent</u>
Mark Van Rees, Chair	P	5	0
Victoria Mowrey, Vice Chair	P	5	0
Alfred Calloway [4:00]	P	5	0
James Mowell	P	1	0
Larry Ott	P	4	0
Jose Portela	P	5	0
Dolores Sallette	A	3	2
Larry Sherman	P	5	0
Susan Telli	P	4	1

Also Present

Julius Delisio, Cemetery Board Liaison
 John Banas, Carriage Services
 Trevor Jackson, Carriage Services
 Perry Caudill, Carriage Services
 Jane Storms, Pulice Land Surveyors
 Craig Downie, Pulice Land Surveyors
 Jim Buchanan, US Trust/Bank of America Trust Officer
 Johnny Miller, US Trust/Bank of America Portfolio Manager
 Penelope Smith, US Trust/Bank of America Private Client Manager
 Lisa Slagle, City of Fort Lauderdale
 J. Opperlee, Recording Secretary

The meeting was called to order by Chair Van Rees at 3:43 pm.

1. Minutes Approval

o **September 2008 Meeting**

Motion made by Ms. Telli, seconded by Ms. Mowrey, to approve the minutes of the Board's September 2008 meeting. In a voice vote, the motion passed unanimously.

2. Old Business

Ms. Mowrey asked for an update on the Board's previous discussion regarding the well house at Evergreen. Mr. Delisio said altering the well house might require a permit. He stated they wanted to make repairs to the building, but did not want to do this while the private estates were under construction.

3. New Business

A. Bank of America Quarterly Review

Mr. Jim Buchanan, trust officer, stated US Trust had responded to the Board's questions at their July meeting in an October letter. He invited any additional questions regarding actions taken with the account. Ms. Telli asked Mr. Buchanan to explain the portion of the letter in which he indicated that US Trust representatives intended to suggest that the Investment Policy Statement (IPS) be reviewed and updated at the Board's November meeting.

Mr. Buchanan explained that prior to July 2008, all of the account management was performed in-house by Bank of America. Mr. Johnny Miller, Portfolio Manager, and the Board worked within the Investment Policy Statement to allocate funds into specific types of investments, which were overseen by in-house managers.

Mr. Buchanan continued that at the Board's July meeting, they had discussed using "Selects" which were external managers. Ms. Mowrey remembered that the Board had agreed in July to the use of the outside managers, and asked why US Trust representatives had not returned to the Board to explain why they intended to do something else. Mr. Buchanan described the proposal Mr. Miller had made in July, and explained that US Trust had conducted due diligence regarding this after the Board approved it. This due diligence was required because some authority would be delegated to the outside managers.

Mr. Buchanan said some issues were raised during due diligence indicating that the Investment Policy Statement, which was created in 2004, did not envision outside managers, which was now very common. Because the Investment Policy Statement did not specifically authorize this, US Trust had taken the conservative approach and created an authorization letter, which US Trust anticipated would be problematic. US Trust was also unsure whether the Board could authorize the change.

Mr. Buchanan informed Ms. Telli that US Trust had communicated this to Mr. Delisio. Mr. Delisio said City staff had examined these documents and found them to be unacceptable. He believed that the document provided too much

leeway for US Trust to take action without the Board's approval. Mr. Delisio did not feel that using the Selects was contrary to the Trust Agreement because it provided that the Board would determine the fees to be paid to the Trustee. He said US Trust representatives had agreed with this opinion, but US Trust attorneys did not. Mr. Delisio did not feel City management would have agree to this either.

Mr. Buchanan said US Trust had intended to address the Investment Policy Statement at the Board's next meeting, and to advise them to change the Statement to allow the use of outside managers, a practice that was utilized by professional money managers.

Mr. Buchanan informed Chair Van Rees that instead of making the changes discussed with the Board in September, US Trust had continued to use the same in-house portfolio managers and no additional fees had been incurred. Mr. Miller assured the Board that the account had always been within the guidelines set out a few years ago regarding how the funds were invested. Mr. Miller said the account had lost a bit less than 22%.

Mr. Miller drew the Board's attention to tab three in the Investment Review Report he had distributed, depicting Asset Allocation. At the current time, 38% of the portfolio was invested in stocks, compared to 50% at the beginning of the year. Bonds were at 48% and cash was at approximately 2%. He had recently moved an additional \$750,000 into bonds because these were providing very high yields right now.

Mr. Miller reminded the Board that this was a long-term investment portfolio; they had been in the same situation in 2001 – 2002 but things had turned around and they had done quite well over the next five years.

Mr. Miller referred to the Investment Performance Review sheet, explained that year to date, the account was down 22%, and pointed out the drops in equities and fixed income investments. Mr. Miller said at the present time, there were no buyers for stocks or bonds and there was an enormous amount of cash sitting on the side. Eventually, this cash would work its way back into the Market and the levels would return. He assured the Board that the Market had suffered similar setbacks before and had recovered. Mr. Miller stated corporations were in the best shape they had been in for 40 years regarding the amount of cash they had compared to their debt.

Mr. Miller explained that US Trust was a private bank that Bank of America owned. Ms. Penelope Smith, Private Client Manager, stated Bank of America had purchased US Trust some time ago, and Bank of America had decided to keep the name for this division.

Mr. Miller remarked that the situation their account was in was not out of the ordinary right now, but he was optimistic that things would get better.

Mr. Calloway asked Mr. Miller what sector of the economy was making money now. Mr. Miller replied essential services such as food, utilities and healthcare. He stated the sector that was slowing was disposable income, because people were tending to use money to pay down their own debt instead of spending.

Mr. Delisio noted that the change in the statement format had changed how the Board looked at the account. Now that they had more information, it was more confusing.

Mr. Miller informed Ms. Mowrey that when it was determined that the Selects program was not appropriate, they had used their in-house managers, with a different manager for each asset class.

Mr. Miller summarized that he still felt they should utilize the Selects Program, and they should take the steps needed to make this viable, including putting this in writing. Mr. Delisio said the change to the Selects Program, to which the Board agreed in July, had not been made because US Trust's attorney did not agree with the verbiage.

Mr. Delisio informed the Board that the RFP for financial management services had been put out and eight bids had been received. The Selection Committee, which included three Cemetery Board of Trustees members, would meet November 19 to evaluate the candidates and reduce the field to three. Those three candidates would be asked to make a presentation sometime in December. Mr. Delisio suggested that all Cemetery Board of Trustees members should attend the second Selection Committee meeting, and subsequently they should convene and endorse the candidate chosen by the Selection Committee.

Ms. Telli asked if US Trust had responded to the RFP. Ms. Smith explained that they had wanted to respond to the RFP, but in examining the RFP, they had discovered that the City was seeking an investment consultant who would not actually hold and manage the assets, and US Trust did not have a system to operate in that way. They had therefore not been able to respond to the RFP.

Mr. Delisio said the City had made this change when the RFP was created. There would be a custodial agreement with Wachovia Wells Fargo to hold all of the funds and the independent consultant would present recommendations to the Board, as Mr. Miller currently did, while having no access to the assets. The bank would distribute the funds as the Board directed, based on the advice of the consultant. Mr. Delisio explained that Bank of America did not segregate responsibility like this.

Mr. Delisio explained that the fees were included in the proposals. The consultant would be paid a fixed fee; the bank would be paid a custodial fee and the individual managers would be paid a fee as well.

Chair Van Rees asked if the Selection Committee could decide to maintain the account with US Trust instead of choosing a new consultant. Mr. Delisio said the Selection Committee would make that determination, based on the presentations. He explained that they had not cancelled the trust agreement with Bank of America.

Mr. Delisio informed the Board that the presentation meeting for the Selection Committee would be held on December 17. He agreed to send Board members an email regarding the time and place.

B. Pulice Land Surveyors

Mr. Delisio reminded the Board that projects were planned for next year to pin Garden 2 at Sunset and to vacate the grassed roads at Evergreen. He stated Pulice Land Surveyors made wonderful maps and their representatives were present to provide an overview of the vacation process.

Ms. Jane Storms, Pulice Land Surveyors, distributed examples of projects they had done for other cemeteries. She explained that the vacation at Evergreen would result in an additional acre of property that could be used to create approximately 1,100 new spaces. Ms. Storms stated the vacation process would take six to seven months to go through the County and City.

Mr. Delisio said they could move forward with pinning immediately at Sunset because there was no vacation planned there and complied with the original platting.

Chair Van Rees asked Mr. Banas if all of the gardens were in the HMIS system. Mr. Banas said they were in HMIS in numerical form, not in map form. Mr. Delisio explained that only contracts since 1993 had been loaded into HMIS; older purchases were listed as "unavailable" or "owned by cemetery." They had loaded all of the numbers, but management had to release numbers that were available for sale.

C. Private Estate Lauderdale Memorial Park

Mr. Delisio referred to the private estate of the Acker family at Lauderdale Memorial Park, and explained that the family was not sure yet of the patio design. Mr. Delisio stated a building issue had arisen: the bronze doors were not

approved for use in Florida. He pointed out that the City had already approved eight other doors made by the same manufacturer.

Motion made by Mr. Sherman, seconded by Mr. Portela, to approve the Acker family mausoleum. In a voice vote, motion passed unanimously.

D. Proposed Cremation Garden Lauderdale Memorial Park

[This item was taken out of order]

Chair Van Rees explained that it was too early to discuss this item.

Motion made by Ms. Telli, seconded by Mr. Portela, to remove this item from the agenda. In a voice vote, the motion passed unanimously.

E. Maintenance Reimbursement July-September 30, 2008

Chair Van Rees asked about the sudden increase in the "Tools/Small Supplies" category at Sunset Memorial Gardens. Mr. Delisio explained that this \$3,800 was for a new tent.

Motion made by Ms. Mowrey, seconded by Mr. Sherman, to approve the July – September maintenance reimbursement. In a voice vote, motion passed unanimously.

Other Items

Sunset Wall

Mr. Delisio informed the Board that the construction meeting would be held the following Monday and he felt this project would move rapidly. He intended to ask the contractor to visit Lauderdale Memorial to evaluate if this type of wall could be used to block off the maintenance area there. He added that some of the funding they decided not to use for land development master planning could help fund the installation of the wall at Lauderdale Memorial.

New Member

Mr. Mowell introduced himself and explained he was a retired Police Officer. He said he lived across the street from Lauderdale Memorial and had a friendly relationship with Mr. Jackson and other employees because he exercised at the property every day.

Lauderdale Memorial Park Mausoleum

Chair Van Rees asked the status of the proposed mausoleum for Lauderdale Memorial Park. Mr. Delisio informed him that this was currently being permitted by the County and City. He said they had incurred a \$45,000 initial expense because Broward County required an extensive water drainage system to be installed. Mr. Delisio said they had concurrently submitted plans to the City and he hoped they could pull the City permit within two weeks

Mr. Delisio remarked on the additional scrutiny for projects going through both the City and County Building Departments. He said the County had sent the plans for the two-crypt building at Lauderdale Memorial to be reviewed by the Health Department for approval the drainage.

Evergreen Lawn

Ms. Mowrey asked about the bad condition of the lawn at Evergreen. Mr. Banas explained that Evergreen had never been re-sodded.

Mr. Delisio reminded the Board that they had \$25,000 to devote to landscaping at Evergreen in 2009. He said the lawn at Evergreen was a challenge because of the water situation. Mr. Banas agreed to pay for the labor to install sod if the Board found the money to buy it. He explained the difficulty at Evergreen was the lack of a mature St. Augustine base. Mr. Banas agreed to create a proposal for installing sod in phases that Ms. Telli could use to submit for a grant or donation.

Mr. Delisio said he did not want to use the entire \$25,000 for sod at Evergreen; there were areas the needed trees and other landscaping.

4. Adjournment

The Board's next regular meeting was scheduled for January 8, 2009.

There being no further business to discuss, the meeting was adjourned at 5:25 p.m.