

CEMETERY SYSTEM BOARD OF TRUSTEES
 CITY OF FORT LAUDERDALE
 CITY HALL 8TH FLOOR CONFERENCE ROOM
 WEDNESDAY, MARCH 18, 2009
 3:30 p.m.

<u>Board Member</u>	<u>Attendance</u>	<u>Cumulative Attendance</u> 2/2009 through 1/2010	
		<u>Present</u>	<u>Absent</u>
Mark Van Rees, Chair	P	1	0
Victoria Mowrey, Vice Chair	P	1	0
Alfred Calloway	P	1	0
Larry Ott	P	1	0
Jose Portela	P	1	0
Dolores Sallette	P	1	0
Larry Sherman	P	1	0
Susan Telli	A	0	1

Also Present

Julius Delisio, Cemetery Board Liaison
 Cate McCaffrey, Director, Business Enterprises
 John Banas, Carriage Services
 Trevor Jackson, Carriage Services
 Perry Caudill, Carriage Services
 Chuck Horvath, Director of Support for Carriage Services
 Lisa Slagle, City of Fort Lauderdale
 Johnny Miller, U.S. Trust
 Penelope Blair, U.S. Trust
 James Buchanan, U.S. Trust
 Ingo Pfothenauer, resident
 J. Opperlee, Recording Secretary

The meeting was called to order by Chair Van Rees at 3:37 pm.

1. Minutes Approval

o **January 2009 Meeting**

Mr. Calloway stated remarks he had made at the previous meeting had not been included in the minutes. He added that it seemed whenever he made comments during the meeting they were “either cut short or it’s not there at all.” He asked that he not be left out of the record in the future.

Motion made by Mr. Sherman, seconded by Mr. Ott, to approve the minutes of the Board's January 2009 meeting. In a voice vote, the motion passed unanimously.

2. New Business

A. City Ordinance No. C-09-05, Quorum Requirement

Mr. Delisio announced that City ordinance had been changed to require that a majority of *appointed* Board members must be present for a quorum opposed to the number of member positions. As of this date, there were 8 appointed members to the Board, with two vacancies, which meant 5 members present would constitute a quorum.

B. U.S. Trust Bank of America Quarterly Review

Mr. Johnny Miller, U.S. Trust, explained his expectations for the market. He said there were still many concerns regarding the credit crisis. Right now, he favored domestic equities, and believed that by summertime there would be a turnaround in the market favoring small and mid-caps. Mr. Miller felt international equities would not begin to recover until the end of the year. He believed real growth overseas would come in emerging markets, because there was more room for the middle class to grow.

The asset class Mr. Miller favored right now was municipal or taxable corporate bonds. Treasuries were far overextended and a very expensive asset class, which were returning virtually no interest. Mr. Miller said he was building corporate bond portfolios earning 6 ½ % and tax-free municipal bond portfolios yielding 5%, which were extremely attractive yields.

Mr. Miller said he had recently sold off \$750,000 worth of short-term bonds and was rolling the money out longer-term to lock in higher yields. He explained the Trust Fund's income stream had been unaffected by fluctuations in the market because the bonds were still paying dividends.

Mr. Miller drew the Board's attention to the Investment Strategy Overview and recommended they read this section of the report. He then referred to the Year to Date Investment Performance Review page, and explained that year to date, the account was down 6.65% net after fees, stocks were down 15 ½ % versus the S&P and Dow being down 18%. Their fixed income portfolio was down approximately .9%, which was pretty much in line with the rest of the bond market. He reminded the Board that they were still earning full interest.

Mr. Miller believed real estate would continue to decline until the end of the year and commodity prices would bottom out in four to five months. He advised the Board that when the investment policy was rewritten, it should include a commodities portion constituting up to 5% of the portfolio; he believed this would be a very good asset class for the long-term. He felt it would take two to three years for real estate to recover.

Mr. Miller referred to the Year to Date Asset Reconciliation page of the report, reflecting the period 10/31/2008 through 2/28/2009, and noted that allocation to total stocks was 38% in October and 34% now. The bond portfolio had been 48% and was now 59%. They no longer owned real estate and those dollars would be allocated to more equity and more bonds. Mr. Miller said the investment policy guidelines dictated 40% minimum in equity.

Mr. Miller stated the portfolio was now producing \$523,000 in income, about 4.1% yield. He hoped to increase this to perhaps \$575,000 before they left management of the account.

Mr. Miller remarked that overall this account had performed extremely well. He advised against panic in this type of market environment and making drastic changes to an investment policy statement or portfolio.

C. General Price List Annual Review

Chair Van Rees asked Mr. Delisio to describe specific areas of increase between 2008 and 2009. Mr. Delisio explained that property at Lauderdale and Sunset had increased by \$200. At Evergreen, the low-end spaces had increased by \$200; the high end had increased \$2,400. They had increased the high end, because after Pulice completed the survey, they desired to be able to put in some smaller private estates. Mr. Delisio said he and Mr. Banas would return to the Board in May with a map describing pricing in different areas of Evergreen.

Mr. Delisio remarked that 90% of people in Evergreen were getting the resident discount. He explained that the resident discount proof of residency but not that a family member for the purchase was actually a family member. It would be too difficult to prove family member relationships, this has been left to the integrity of the purchaser.

Mr. Delisio stated openings and closings had increased by \$100 and mausoleums had increased by \$2,000. Disinterment prices had remained the same, and second right had increased from \$695 to \$895. Mr. Delisio clarified that second right referred to one casket and one cremains, or two cremains in one grave. There were also double depth vaults available, which allowed two caskets and were priced differently.

Mr. Delisio said he always looked at this pricing from the perpetual care perspective. He said the packages were popular and benefited perpetual care.

Mr. Delisio explained to Ms. Sallette that at Sunset, there had been a \$200 increase for nonresidents and a \$150 increase for residents. The interment service had increased \$100 for non-residents and \$75 for residents.

Mr. Delisio agreed to bring color-coded maps to the Board's May meeting, reflecting prices in different areas. He stated their pricing was still slightly low compared to their competitors, but he did not want to raise prices so high that the residents were unhappy. Mr. Delisio estimated that the ratio of residents to non-resident at Lauderdale and Evergreen was 60/40 and at Sunset was 95/5.

Mr. Delisio informed Chair Van Rees that there had been no increase in the entombment opening and closing price. Chair Van Rees remarked that interment service entailed a lot of costs, and he found it odd that they would not initiate consistent increases. Mr. Banas said this was a concession on Carriage's part to the increase in the property price. Chair Van Rees reiterated his belief that they should have increased the mausoleum price because of manpower and equipment costs and liability.

Mr. Ott asked if someone purchased as a resident and later moved to another town, would they lose the resident pricing. Mr. Delisio explained no if you purchased as a resident you keep the discount, but cannot get a discount based on past residency, or if one family member bought several spaces for family members and one of those members gave a space to a non-family member or non-resident, they would be required to make up the difference.

Mr. Ott related that he recently had a situation for which he needed to procure an oversized vault, and he wondered if they were planning ahead for such needs. Mr. Delisio explained that at Sunset, they put oversized spaces on the perimeter, and charged for a space and a half. At Lauderdale, they had a specific oversized section and this required purchasing two spaces. He acknowledged that this need seldom arose.

Mr. Delisio noted the difficulty in differentiating between residents within the corporate limits of Fort Lauderdale and residents of Oakland Park, Tamarac and other areas, because drivers' licenses from these other towns often indicates the city as Fort Lauderdale.

Mr. Delisio said the veterans had the best deals at Sunset and Lauderdale.

Motion made by Ms. Sallette, seconded by Mr. Portela, to accept the price list. In a voice vote, Board unanimously approved.

D. Citizen Request to Vacate Evergreen Property

Mr. Delisio distributed color photographs of the property and explained that the property in question was the northeast corner, next to the alleyway. He pointed out that the cemetery's chain-link fence had been put up well inside the property line, and the adjacent property owner had assumed his property extended to the chain-link fence. Mr. Pfothauer had subsequently discovered this was not his property when he wanted to have some work done, and was requesting vacation of this section of property. Mr. Delisio said Mr. Pfothauer would have the property appraised and then the request would go to the Right of Way Committee and to the City Commission for approval. Mr. Delisio believed this property has no value to the cemetery since it sits below the cemetery at the bottom of the ridge of Cliff Lake.

Mr. Delisio recommended the Board agree to vacation of the property. Any money they realized from the sale he wanted to put toward landscape improvements specifically trees. Mr. Pfothauer presented his own photos of the property and showed where his property and the cemetery property met.

Motion made by Mr. Portela, seconded by Ms. Sallette, to agree to vacation of the property. In a voice vote, Board unanimously approved.

E. Maintenance Reimbursement Oct – Dec 2008

Ms. Mowrey thanked Mr. Banas for the shed at Evergreen, remarking that it looked "beyond 1000% better than it did before."

Motion made by Ms. Mowrey, seconded by Mr. Portela, to approve the maintenance reimbursement for October through December 2008. In a voice vote, Board approved unanimously.

F. 2009 Capital Improvement Plan

Mr. Delisio explained the total dollar value had not changed since they discussed this when the contract was redone. Some things had been moved around in response to concerns from Commissioners, and because of violations from the South Florida Water Management District. There had been a reduction in the actual cost to vacate roads at Evergreen. Mr. Delisio said they would do the pinning themselves. No costs would change at the mausoleum. Cost for the entrance had increased from \$75,000 to \$90,000. He said they had received a quote for the entrance from MBR Construction for \$92,000, and for the building at

Sunset for \$125,000. Mr. Delisio noted that MBR had ready plans for a maintenance building and would use those same plans modified to include a bathroom.

Mr. Delisio informed the Board that the cost for the irrigation system at Lauderdale had increased by \$12,000 because it required two significant modifications: the pumps must be modified and additional lines must be added to provide better coverage.

Mr. Delisio noted the cost of the generator for Lauderdale had been reduced by \$15,000. Cost of the maintenance building at Sunset had increased by \$5,000 because the old building must be demolished.

Mr. Delisio said they wanted to create the cremation garden in the courtyard of the mausoleum at Lauderdale.

Mr. Delisio pointed out that they had moved the trash container purchases at all cemeteries to year two. Ms. Mowrey remembered they had been discussing the new trash cans for quite some time. Mr. Delisio noted that they were extremely expensive trash cans, and he felt the money would be better spent in other areas this first year.

Chair Van Rees asked about specific modifications to the irrigation system. Mr. Banas explained that the pumps and clocks must be modified to allow the irrigation system to run automatically at night, and detectors must be installed to automatically shut down the system if a leak occurred. He stated redesigning and automating the entire system would have cost \$100,000, but the City did not want to pay for this and suggested using CIP money. Since there was not \$100,000 available in the CIP for this, Mr. Banas decided this modification to be most cost effective. He remarked that they would now be able to water the park in the evening hours, which would result in less evaporation and would be within the rules and regulations of the South Florida Water Management District.

Chair Van Rees asked what the \$40,000 for the cremation garden would go toward. Mr. Banas stated most of this would go toward design. They had a preliminary design from Matthews, but wanted something a bit more tropical to suit the area and improve the appearance of the mausoleum. He noted the garden was desired because the cremation rate at some funeral homes had risen from 50% to 65 or 70%. Mr. Banas said Carriage wanted the Board's approval to reallocate funds differently from their plan a year ago.

Chair Van Rees asked that the Board be involved early regarding the design of the cremation garden and this would avoid delays later on. Mr. Banas agreed to

create packets for the Board to review and comment on over the course the project.

Mr. Banas stated the mausoleum construction was going well. He anticipated the roof would go on in July and the building would be hopefully completed in August.

Mr. Delisio informed Chair Van Rees that the 2-crypt private mausoleum had been moved from Evergreen to Lauderdale.

Mr. Delisio explained that the Capital Improvement Plan would allow the Board to track the spending on individual projects. He hoped they could bring preliminary designs for the cremation gardens to the Board in May. Mr. Banas said most of the adjustments made in the Capital Improvement Plan were done to drive perpetual care-related revenues in the first year.

Regarding the generator for Lauderdale, Mr. Banas said the administrative office could be rewired so that a portable generator could run the building. Mr. Portela remarked that Sunset was wired for a generator but did not have one. Mr. Delisio said they did no processing at Sunset, and they had decided against the diesel generator. Mr. Delisio stated if the generator at Lauderdale could not be done for \$10,000, they would reallocate the funds.

Motion made by Ms. Mowrey, seconded by Mr. Portela to accept the Capital Improvement Plan, and that the Board should be kept apprised of the progress of the projects and how the funds were being spent. In a voice vote, Board approved unanimously.

Chair Van Rees noted that this plan was a revision of the one presented last year.

Mr. Banas agreed to provide the Board with a chart describing disbursement of funds and progress of projects.

G. Private Estate Sites – Lauderdale Memorial Park

Mr. Delisio noted they were out of private estate sites, and a family was interested in a private estate in Lauderdale. He reminded the Board that the City Commission had approved five sites in the first island at Lauderdale in 1995. He remarked that there was a feature in the center of the island, so placing two private estates on one side and three on the other was awkward and unbalanced. He had therefore requested the approval of one additional site for the first island or the front island, six estate sites to the east or entrance island, and two estates in the front corners near the entranceway, for a total of 9

additional sites. The same size restrictions would apply to all of the private estates located on the Boulevard and comply with the rules and regulations of the Cemetery System.

Chair Van Rees noted that the areas near the entranceway were much larger. Mr. Delisio said the existing buildings at Lauderdale were under the size limit, but larger buildings were allowed. Mr. Banas said there was no reason to restrict building to 20' x 20' in the areas near the entrance. He felt that creating a large building near the front entrance would be quite a statement. Chair Van Rees agreed that some large buildings could be put in those areas, but this must be presented to the City Commission and the Board for approval.

Mr. Delisio explained that each area near the entrance was approximately 250' x 200'. Ms. Mowrey said the Board must think this through before there was a request made to build an estate in that area because this was the property entrance. Mr. Delisio recommended the Board approve nine additional sites with a maximum of 20' x 20' buildings, and if someone requested a larger building, this would be handled as an exception. Ms. Mowrey wanted to approve the Boulevard sites only and continue discussion regarding the entrance areas. She requested a "clearer map that really shows proportionately what's going on." Mr. Delisio suggested the Board approve the seven Boulevard sites now.

Motion made by Ms. Mowrey, seconded by Ms. Sallette, to approve the seven additional sites on the Boulevard, and the Board would continue discussion on estate areas near the front entrance. In a voice vote, Board unanimously approved.

Other Items

Mr. Delisio informed the Board that the Trustee/Custodian RFP had been sent out and was due back April 8. He asked for a volunteer from the Board to serve on the selection committee. Ms. Sallette agreed to be on the selection committee, and Mr. Sherman agreed to be an alternate.

Mr. Delisio pointed out that the Board would not meet again prior to the City Commission approving the trustee selection, and asked the Board to agree to approve as trustee whomever the selection committee appointed.

Motion made by Ms. Mowrey, seconded by Mr. Portela, to accept and recommend the trustee appointed by the selection committee. In a voice vote, Board unanimously approved.

3. Adjournment

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The Board's next regular meeting was scheduled for May 14, 2009.

There being no further business to discuss, the meeting was adjourned at 5:34 p.m.

Minutes prepared by: J. Opperlee, Prototype Services