

CEMETERY SYSTEM BOARD OF TRUSTEES
CITY OF FORT LAUDERDALE
CITY HALL 8TH FLOOR CONFERENCE ROOM
WEDNESDAY, September 17, 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	A	3	1
Victoria Mowrey, Vice Chair	P	4	0
Alfred Calloway	A	1	3
William Cooke	A	2	1
Cameron Mizell	P	2	1
Larry Ott	P	4	0
Jose Portela	P	3	1
Dolores Sallette	P	3	1
Larry Sherman	P	4	0
Susan Telli	P	2	2

Also Present

Julius Delisio, Cemetery Board Liaison
John Banas, Carriage Services
Trevor Jackson, Carriage Services
J. Picinich, Recording Secretary

Communication to the City Commission

The Board holds firm that they want to maintain the current Investment Policy for the Perpetual Care Trust Fund.

The meeting was called to order by Ms. Mowrey at 3:35 pm.

1. Minutes Approval

o **July 2009 Meeting**

Mr. Portela noted a correction on page 3.

Motion made by Ms. Telli, seconded by Mr. Ott, to approve the minutes of the Board's July 2009 meeting as amended. In a voice vote, the motion passed unanimously.

2. New Business

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

Currently, there were ten appointed Board members, so six members present would constitute a quorum. Ms. Mowrey confirmed that seven members were present for a quorum.

B. City Commission Action Items/Communication to the City Commission

[This item was taken out of order]

The Boards holds firm that they want to maintain the current Investment Policy for the Perpetual Care Trust Fund.

C. Cemetery Investment Policy

Mr. Delisio reminded the Board it had been one year since they had discussed changing the policy, but to date, no changes had been made. In the interim, both of the RFPs for the consultant had expired. Mr. Delisio wanted to ensure that all Board members understood the investment policy.

Mr. Delisio explained the City Auditor felt the Cemeteries Trust Fund investment policy was too aggressive. He stated every time this item was put on the City Commission's conference agenda, new problems arose and there were questions about whether the Board should be making decisions regarding the Trust Fund money. Mr. Delisio pointed out that the Trust Fund portfolio, since 1986, had performed within the parameters of the investment policy.

Ms. Telli asked if the Commission had seen the portfolio performance review, and Mr. Delisio said they had received it, but it had never been discussed. The item had been tabled, due to time constraints to prepare a response to the City Auditor's memo.

Mr. Delisio felt there is some misunderstanding of what the Trust Fund's objectives were. He explained there were three primary objectives:

- Maintain the corpus
- Capital appreciation was needed for capital improvements
- Income was needed to pay for maintenance

Mr. Delisio said these objectives would not be possible if the account were managed like the City's Investment Policy, which had an extremely low returns and no appreciation because of the asset allocations for the most part are money market funds and government bonds.

Mr. Delisio pointed out that from 1929 to 2008, the equity market had returned an average of 10.9%; the bond market had returned an average of 5.2%. He noted that if they had been invested only in bonds, they would not have been able to pay the maintenance reimbursements at the current level since some of the investment income is derived from compounding of the equity appreciation and re-allocation. There would be no funds available for capital improvements since appreciation would not occur under a bond only portfolio and the corpus cannot be used.

Mr. Delisio had prepared a report through August 2009 showing all of the account activity for the past year, and pointed out that the account had bounced back since last October. He noted if they had changed and been invested in bonds, there would be \$2 million less in the account now since we would have not been part of the equity market rebound.

Mr. Delisio explained that 36% of the fund was accumulated earnings or appreciation and 64% the corpus. This is a fair safety net for preservation of the corpus. As bad as the past year had been, the account had maintained a large portion of the balance as capital appreciation.

Regarding the composition of the portfolio, Mr. Delisio said the current investment policy allowed them to keep 40 to 60% in equity and 40 to 60% in fixed income. They now had 56% in fixed income. Ms. Telli felt it was a miracle they had done so well in the past year. She felt the Fund's performance should be proof to the Commission and the City Auditor that the account was well managed.

Mr. Delisio directed the Board's attention to page three of the investment policy under "Account Investment Objectives" and reminded the Board that in 2001 they had performed a risk assessment when they wrote the investment policy with Bank of America. They had determined they needed income and capital appreciation, and they needed a balanced portfolio. He noted the investment policy provided them the flexibility to move 20% of the money tactically/strategically with the market. This had allowed them to invest in corporate bonds last year, which were now returning 5% to 7%, as opposed to treasury bonds, which were returning .25% to 2%.

Mr. Delisio said he had been looking carefully at their statement, and pointed out that there are 4 equity managers. He will work with Bank of America on individual manager's performance reports for our quarterly review. This will provide an evaluation of managers performance within their asset class and among their peers.

Mr. Delisio said he would ask Bank of America for some modifications to our quarterly reports and clarification so we can more closely monitor the activity of the account. He felt the Trust Fund Policy maybe lacking some performance criteria for the manager to meet for assurance of meeting our income needs and capital appreciation, we may need to set some returns expected of the fund.

Ms. Mowrey remembered peer review was one thing they agreed they wanted to include when they had discussed changing the account management. Mr. Delisio agreed to speak with Mr. Miller prior to their next meeting.

Mr. Delisio asked Board members to examine the statements and the investment policy to ensure the City is comfortable that the Board understood it. Ms. Telli suggested that anyone in the City who was concerned should attend a Cemeteries Board meeting to express his/her concerns and examine the reports.

Mr. Mizell stated, "Anyone with eyes and who can count can see that this is a good thing; is this just a way that the City's trying to use to raid the account to offset other bills that they have?" Mr. Delisio thought the issue had arisen when the auditor looked at the account this year and felt it was too aggressive based on the investment policy, this money cannot be used for anything other than the cemetery.

Mr. Delisio stated there were some 40,000 plus people buried in the cemeteries who had paid into the Trust Fund to take care of the property. The trust fund was responsible to pay to maintain the properties.

Ms. Telli said she had served on this Board since the 1980s and she cared very much about it, and knew that the people who had family members in the cemeteries wanted the properties cared for.

Mr. Delisio stated the Board had long-term objectives; this fund must exist in perpetuity to take care of the cemeteries.

Mr. Ott wondered if part of the problem was that the Trust Fund had performed too well and it made other City investments look bad. Ms. Telli felt the Commissioners, since they were new, might not completely understand how the Trust Fund worked.

Ms. Mowrey said the Board had a fiduciary responsibility, but they must also find a responsible investment advisor, and there was no evidence that their advisor had not been responsible. She admitted she might not comprehend the entire account, but she did understand "the totality of it." Ms. Mowrey pointed out that while it might seem fitting for the Board to comprise accountants and bankers, she wondered what kind of an interest they would have [or not have] in "all the

rest of the things that we are responsible for.” She said it was “untrue and unacceptable” to say that the Board was either “not paying attention, and that when we’re paying attention we don’t now what we’re paying attention to.”

Ms. Mowrey noted that Cemetery Board of Trustees members did not have personal agendas, but tried to see that “what was meant to happen will continue to happen.” She felt that all previous Board members had believed this, and she hoped future Board members would as well.

D. Capital Improvement Plan Update

Mr. Delisio explained that the appraisal for the Evergreen property the Board had agreed to sell to a resident had been appraised at \$40,000. This seemed high, and the resident intended to have his own appraisal done.

Mr. Delisio explained the vacation at Evergreen was a four-step process. It had already passed the DRC process, and Property and Right of Way. The next step was the Planning and Zoning Board on October 27. There would be two public meetings for which neighbors within 300 feet would be notified. Mr. Delisio stated they had already spent \$15,000 out of \$16,000 for the vacation of the roads and they needed \$3,000 for the Planning and Zoning application. Ms. Telli wondered why the City would not waive that fee. Mr. Delisio said he would work to get this waived, but if he could not, he wanted to use \$3,000 from the landscape money to pay it.

Mr. Delisio said the Sunset wall was finished but there were some issues with the contractor, such as the irrigation heads. Carriage was not supposed to incur any costs for this, but they had paid \$3,600 for the heads. Mr. Delisio wanted to take \$3,600 from Evergreen landscaping to pay for the irrigation heads at Sunset. There was also a question about whether the contractor should re-sod the area along the fence line; Carriage had volunteered to lay the sod if the contractor bought it, but the contractor was not cooperating. If they used tree funds for these purposes, Mr. Delisio stated they would still have \$5,000 for the trees. Ms. Mowrey reminded the Board that they had agreed these monies could be used as needed.

Mr. Delisio calculated the Perpetual Care Fund will pay roughly \$69,000 of \$213,000 for the Sunset wall project, and explained that approximately \$50,000 had gone to realign the irrigation system. The City was contributing \$125,000 from the General Fund. He remarked there would be reductions to the final contractor payment because there were discrepancies in his billing.

Mr. Delisio had spoken with Pulice Surveyors, and section 2 at Sunset was ready to be pinned. Once this was finished, Mr. Delisio and Mr. Banas would work with the mausoleum contractor to determine what could be built with the \$600,000.

Mr. Delisio reminded the Board that the Mausoleum at Lauderdale Memorial was estimated at \$895,000 but they were over that estimate. Mr. Banas said once they finished the drainage system, the cost had surpassed \$940,000. He explained they had agreed to such an expensive drainage system because they would not have to waste any space on swales in the future; all other phases could tie into this drainage system.

Mr. Delisio stated there was \$10,000 budgeted for a generator at Lauderdale Memorial Park, but he wanted to use this money for a new fence. He noted they had small generators that could be used.

Regarding the entranceway at Lauderdale Memorial, Mr. Delisio said they had an estimate of \$27,000 for the granite cap, not including installation. The contractor had redesigned the front, and Mr. Delisio presented the new rendering. He said the stone would be selected by the Board's next meeting.

Motion made by Mr. Mizell, seconded by Ms. Sallette, to:

- Move money from Evergreen landscape funds to cover the additional cost for the irrigation at Sunset
- If needed, use \$3,000 from the Evergreen landscape money to pay for the Planning and Zoning application
- Use the \$10,000 allocated for a generator at Lauderdale Memorial Park to replace the fence around maintenance area and facing the new mausoleum

In a voice vote, motion passed unanimously.

E. Maintenance Reimbursement Apr – Jun 2009

Motion made by Ms. Telli, seconded by Mr. Portela, to approve a maintenance reimbursement of \$106,528.75 for April through June 2009. In a voice vote, motion passed unanimously.

Mr. Portela asked why utilities at Evergreen were \$9,000 more than for the same period in 2008. Mr. Delisio explained this was for water, and reminded the Board that spring 2008 had been very wet. He remembered there had been a large credit during this period in 2008 as well. Mr. Banas said the irrigation system at Evergreen ran four nights per week when needed. He intended to install a rain gauge to save water. Mr. Banas reminded the Board that last year at this time, the irrigation had not been working well.

Other Items

Ms. Mowrey asked that a "For the Good of the Cemeteries" item be added to their agendas.

Ms. Mowrey asked for a workshop with Carriage to discuss the cremation garden.

3. Adjournment

The Board's next regular meeting was scheduled for November 12, 2009.

There being no further business to discuss, the meeting was adjourned at 5:05 p.m.

Minutes prepared by: J. Opperlee, Prototype Services