

**CEMETERY SYSTEM BOARD OF TRUSTEES
CITY OF FORT LAUDERDALE
CITY HALL 8TH FLOOR CONFERENCE ROOM
THURSDAY, JULY 8, 2010
3:30 P.M.**

<u>Chair</u>	<u>Attendance</u>	<u>Cumulative Attendance</u> 2/2010 through 1/2011	
		<u>Present</u>	<u>Absent</u>
Victoria Mowrey, Chair	P	3	0
Cameron Mizell, Vice Chair	A	2	1
Damon Adams	P	3	0
Larry Ott	P	3	0
Jonathan Pearson	A	2	1
Dolores Sallette	P	2	1
Larry Sherman	P	3	0
John Sykes	A	2	1
Susan Telli	P	3	0

City Staff

Julius Delisio, Cemetery Board Liaison
Lisa Slagle, City of Fort Lauderdale
J. Opperlee, Recording Secretary

Guests

John Banas, Carriage Services
Trevor Jackson, Carriage Services
Johnny Miller, U.S. Trust
Jim Buchanan, U.S. Trust

Communication to the City Commission

None

The meeting was called to order by Chair Mowrey at 3:33 pm.

1. Minutes Approval

- o **May 2010 Meeting**

Motion made by Mr. Adams, seconded by Ms. Telli, to approve the minutes of the Board's May 2010 meeting. In a voice vote, the motion passed unanimously.

2. New Business

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

Currently, there were nine appointed Board members, so five members present would constitute a quorum. Chair Mowrey confirmed that six members were present for a quorum.

B. City Commission Action Items

Mr. Delisio said in response to the Board's recommendation the previous month that the existing investment policy remain the same, the Commission had asked Mr. Herbst, the City Auditor, to support his contention that the investment policy was too aggressive, and to provide a proposal for how the portfolio could be invested and cover expenses. Mr. Delisio said Mr. Herbst's response did not show this.

Ms. Telli remarked that there was no orientation for new Commission members, and these Commissioners had only been in Office since November and were not able to know "every single thing there is to know about this City." Ms. Telli thought if they solicited input from three attorneys, they would receive three different opinions regarding the investment policy. She was convinced that "the interested parties are here in this room that are here to protect the people of this City and those families that have property."

Mr. Delisio said the Commission had discussed this at their conference meeting on June 1, and the only Commissioner who had agreed with Mr. Herbst had been Charlotte Rodstrom. Commissioner Rogers had asked for this item to be put on the Commission's conference agenda. In the interim, Lynda Flynn, Finance Director, and Mr. Delisio had met with Cutwater, one of the City's cash managers, who was creating scenarios for the portfolio's performance. Mr. Delisio agreed to notify Board members of the Commission's Conference meeting date when this would be discussed. Mr. Delisio said they must get resolution on this issue before they put the account out to bid, as they had originally intended.

Chair Mowrey said the Board had tried to perform due diligence when they wanted to put the account out to bid, and this was not related to the investment policy issue, because different managers would manage the account differently but would still be held accountable to the investment policy. She felt that "until such time as perhaps the State of Florida informs...the City of Fort Lauderdale that this fund is in violation of the State Statutes, we are beating a dead horse (regarding the investment policy) for absolutely no reason whatsoever."

Mr. Ott said he was impressed with Mr. Miller's work regarding the account, and did not want to put it out to bid. Mr. Delisio said it was unprecedented in government that

“anybody would do anything for you for 38 years” without putting it out to bid. He pointed out that a change in the investment policy would affect the bids; this was why it was so important to clarify the policy prior to putting it out to bid. Chair Mowrey advised Board members to communicate with their Commissioners.

Ms. Telli said the Board had a fiduciary responsibility to the community. She said the Board was appointed to be advisors to the City Commission. Mr. Adams said the Board was carrying out the policy that had been approved by the City Commission.

Ms. Slagle agreed with Ms. Telli that the Commissioners were not educated about everything that went on in the City; they had not had enough time. She believed that some did not understand the purpose of the Trust Fund. Some Commissioners had indicated that the Cemeteries wanted to make money in order to buy more land. Ms. Slagle said the Commissioners did not understand that in 50 years, the property would revert back to the City and must be taken care of. She said she and Mr. Delisio had performed a study regarding costs for the City to take the property back, and the yearly cost was \$1.2 million for maintenance, equipment and administration. Mr. Delisio said the City had not spent money to maintain the Cemeteries properties since 1993, and the Cemeteries generated \$1.2 million per year for the City.

C. Quarterly Review PC Trust Fund-US Trust Bank of America

[This item was heard out of order]

Mr. Johnny Miller, U.S. Trust, distributed an investment review to Board members. He stated he believed the Market would see 1,250 on the S&P 500 by the end of the year. At the current low point, he felt this was an opportunity to buy stock.

In March, Mr. Miller had sold 10% of the stock portfolio and shifted \$1.5 million into fixed-income securities. He had sold these securities the previous week and the account had had made 10%. He had put this income back into stocks. The stock/bond allocation was now approximately 50/50. Mr. Miller felt they should be overweighted in equity, but he was mindful of the cash flow needs of the portfolio.

Mr. Miller referred to the Investment Performance Review sheet, which indicated the performance this year was 1.25%. Equity was down 3.23% and bond performance was up 5.4%, compared to an index of 3.6%.

Mr. Miller drew the Board’s attention to the Asset Allocation sheet, which indicated investment gains from 1/1/10 to 5/31/10 of \$403,497, from \$16,519,980 to \$16,966,475. The cash flow of the portfolio for the period had been \$619,000 or 3.65%.

Mr. Miller referred to the list of stocks he had selected after selling the bonds, and noted that these were paying average dividends of 5.1%. He said there had only been a few times in U.S. history when dividend yields had so far outstripped Treasury yields. When

he purchased these stocks, the ten-year Treasury had a 2.98% yield. The \$1.5 million he had invested would generate an \$ 80,000 cash flow. Since the end of May, Mr. Miller said the account was up another \$320,000, to \$17,280,169.

Mr., Miller said they had gone from 39% to 47% in stock. The bonds had decreased from 59.75% to 50% and he had another \$250,000 to spend if he saw something with a high yield.

Ms. Telli wanted it noted that she felt Mr. Miller had done a great job keeping the portfolio safe.

Chair Mowrey said history showed that the portfolio had been safe. Mr. Delisio remarked that currently, 60% of the fund was corpus that could never be touched. Mr. Miller said they would have to lose 100% of their stock before they lost 40% of the fund.

Mr. Delisio reminded the Board that since 2004, the Trust had been on a rate structure that was adjusted for the total amount of the portfolio. They were currently paying 62 basis points. U.S. Trust was instituting a fee increase to 69 basis points, which would result in an increase of approximately \$1,000 per month. Mr. Delisio said in his experience, this was still a reasonable rate. Mr. Buchanan distributed a booklet describing all of U.S. Trust fee schedules and explained the schedule to Board members. Mr. Buchanan said they had made several acquisitions in the past five or six years, resulting in their having thousands of fee schedules; this was a consolidation into a single schedule.

Ms. Telli wondered if this increase was coming at “the right point in time...when we’re still suffering from a sluggish economy...” Mr. Buchanan said there was never a great time to talk about paying more for services, but he thought a 10% increase from 2003 to 2010 was reasonable. Mr. Miller said the average mutual fund charged a 1.5 to 1.65% fee.

Chair Mowrey had sat on the Committee that reviewed the bids for the portfolio management, and she recalled bids of 85 to 86 basis points.

D. Capital Improvements Project Update

Mr. Delisio distributed a 2010 Cemeteries Capital Improvements spreadsheet to Board members.

Mr. Banas remarked that there was not a cemetery in the area that could hold a candle to Fort Lauderdale’s City properties. Mr. Ott agreed, and remarked what a shame it was that the City of Miami cemetery, which was home to South Florida founders and Civil War veterans, was a shambles. Mr. Delisio said he had received a call from the City of

Miami asking how Fort Lauderdale maintained its cemeteries and he had been informed that Miami had no perpetual care trust fund.

Ms. Telli said Mr. Banas had done an outstanding job working with the City on the cemeteries. Mr. Banas said their maintenance team was unrivaled in the County.

Mr. Banas gave a Power Point presentation update on the current projects, a copy of which is attached to these minutes for the public record.

Regarding the chain link fence along 19th Street at Sunset, Mr. Delisio had an estimate of \$80,000 to \$100,000 to replace it with an aluminum picket fence. He said they would take the \$45,000 Carriage had identified for the infrastructure improvements. Mr. Banas said they would create another entrance with concrete pillars and iron swing gates. Mr. Delisio requested the Board approve the use of \$100,000 from the Trust Fund to replace the 19th Street fence.

Motion made by Ms. Telli, seconded by Ms. Sallette, to contribute up to \$100,000 for new fencing along Northwest 19th Street at Sunset Memorial Gardens.

Chair Mowrey stated the fence replacement was not on the Board's agenda, and she did not believe they could vote on this motion. Mr. Delisio agreed to put this on the Board's September agenda. Ms. Telli asked that the Board vote on this motion and if necessary, they could bring it up at their September meeting. Chair Mowrey agreed.

In a **voice vote**, Board unanimously approved.

Mr. Banas asked that \$8,000 of the funds originally earmarked for Master Planning be used for finishing the Cremation Garden at Lauderdale Memorial.

Motion made by Ms. Sallette, seconded by Mr. Sherman, to move \$8,000 for use in the cremation garden. In a voice vote, Board approved unanimously.

Mr. Banas stated the Memorial Day service had been phenomenal this year.

Next Meeting

The Board's next meeting was scheduled for September 9, 2010, Rosh Hashanah. The Board tentatively re-scheduled the meeting for September 15, if the room was available. Ms. Slagle agreed to check and notify Board members.

3. Adjournment

There being no further business to discuss, the meeting was adjourned at 5:07 p.m.