

**CEMETERY SYSTEM BOARD OF TRUSTEES
CITY OF FORT LAUDERDALE
CITY HALL 8TH FLOOR CONFERENCE ROOM
THURSDAY, NOVEMBER 18, 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	5	0
Cameron Mizell, Vice Chair	A	2	3
Damon Adams	P	5	0
Patricia Hayes	P	2	0
Larry Ott	P	5	0
Jonathan Pearson	P	4	1
Dolores Sallette [3:44]	P	4	1
Larry Sherman	P	5	0
John Sykes	P	4	1
Susan Telli	A	4	1

City Staff

Julius Delisio, Cemetery Board Liaison
 Lisa Slagle, City of Fort Lauderdale
 Cate McCaffrey, Director, Business Enterprises
 D'Wayne Spence, Assistant City Attorney
 Victor Volpi, Real Estate Office
 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

Motion made by Mr. Pearson, seconded by Ms. Sallette, to approve a minimum bid of \$4,400 for the Evergreen surplus property. In a voice vote, with Ms. Hayes abstaining, Board approved unanimously.

Motion made by Ms. Sallette, seconded by Ms. Hayes, to approve allocating up to \$200,000 from the Perpetual Care Trust Fund for fencing at Sunset Memorial Gardens. In a voice vote, Board unanimously approved.

The meeting was called to order by Chair Mowrey at 3:30 pm.

1. Minutes Approval

o **September 2010 Meeting**

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

2. Old Business

A. Evergreen Surplus Property Appraisals

Mr. Volpi acknowledged that the \$40,000 appraisal was extremely high; Mr. Pfothenauer had paid for his own appraisal which appraised the at \$1,500, which Mr. Volpi felt was more appropriate.

Mr. Delisio said the City wanted to recoup the \$2,900 cost of the appraisal as well as the cost of the property, for a total of \$4,400.

Mr. Volpi said this would be presented to the City Commission for approval of the minimum bid, then the property would be advertised. Mr. Volpi then discussed the sequence of events and advising the other abutting property owner to make them aware of the potential sale. The highest bid will be taken back to the Commission for approval and the closing would take place within 60 days. Mr. Delisio confirmed for Chair Mowrey that the Business Enterprises Department had incurred the cost of the appraisal and it had not been budgeted.

Chair Mowrey wanted Mr. Pfothenauer to know that they were not trying to "milk this thing" by setting the bid at \$4,400; the City needed to recoup their costs. Mr. Volpi said it was the City's practice to include such costs in the minimum bid when selling surplus property.

Motion made by Mr. Pearson, seconded by Ms. Sallette, to approve a minimum bid of \$4,400 for the Evergreen surplus property. In a voice vote, with Ms. Hayes abstaining, Board approved unanimously.

B. Cemetery Trust Fund Investment Policy

Mr. Delisio announced the Commission had voted 4 – 1 to leave the investment policy in place, but that the account should be put out to bid. Mr. Delisio was certain there would be competitive proposals. He anticipated the RFP would be out in early December. Ms. McCaffrey said the RFP must also be reviewed by the Commission, so there could be a delay. Mr. Delisio said at the Board's January meeting, they could determine how to structure the selection committee.

3. New Business

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

Chair Mowrey determined a quorum was present.

B. City Commission Action Items

Motion made by Mr. Pearson, seconded by Ms. Sallette, to approve a minimum bid of \$4,400 for the Evergreen surplus property. In a voice vote, with Ms. Hayes abstaining, Board approved unanimously. [Discussed earlier]

Motion made by Ms. Sallette, seconded by Ms. Hayes, to approve allocating up to \$200,000 from the Perpetual Care Trust Fund for fencing at Sunset Memorial Gardens. In a voice vote, Board unanimously approved. [Discussed earlier]

C. US Trust Bank of America Quarterly

[This item was heard out of order]

Mr. Miller said the markets had been good, and he believed they would continue to be so. He anticipated a 3 – 3.5% growth rate for the year. Mr. Miller reported corporate balance sheets were stronger than they had ever been, but companies were “sitting on their cash” because they were unsure what would happen.

Mr. Miller believed the quantitative easing would eventually drive up interest rates, so they must consider what to do with the bond portfolio. He had already begun this process by taking some gains on their bonds.

Mr. Miller referred to tab 1 in the report: Annual Performance Review, which went back to 2003. He pointed out that as of now, the account was worth \$19 million. The portfolio had returned 12% this year, while the S&P 500 had returned 7.8%. Their bonds were up 13.5% versus the index of 10.7%. Overall, the portfolio had outperformed the index by 30% for the year.

Mr. Miller referred to the next page: Year To Date Asset Reconciliation, and stated revenue had been \$542,000, and over \$300,000 had been paid out to Carriage. They had over \$2 million in gains for the year as of the end of October.

Mr. Miller pointed out that in July, the asset allocation had been half in stocks and half in bonds, and the bond portfolio had been 50% investment grade bonds. He had reduced the \$8.6 million in quality bonds to \$4.7 million because they had such gains in the bonds. Mr. Miller had put \$2.3 million in preferred stocks and high-yield bonds. He explained that with the gains they had taken and the shifting he had done, income had increased from \$616,000 to \$706,000. Mr. Miller stated he had also increased the Mr. Miller was very happy with the portfolio performance and the changes they had made,

and noted they had stayed in the 50% stocks 50% bonds zone dictated by the investment policy. Mr. Miller stated at the bottom of the market in 2009, the portfolio was worth \$13.5 million and it was currently worth \$19 million, representing a \$5.5 million bounce-back.

Ms. Sallette arrived at 3:44.

Mr. Delisio noted that one of the Master Limited Partnerships had been listed as a commodity, which was prohibited by the investment policy. Mr. Miller said this was a stock that was traded on the exchange and he would try to have it reclassified, or he would sell it.

Mr. Buchanan explained that the managers Mr. Miller used were with the Columbia Management Group, which had formerly been a Bank of America affiliate. Bank of America had sold Columbia but still offered the same managers with no fees through a different affiliate. They would send a Consent Letter regarding this to Mr. Delisio.

Motion made by Mr. Pearson, seconded by Ms. Sallette, to authorize Mr. Delisio to sign the Bank of America Consent Letter. In a voice vote, Board approved unanimously.

D. Sunset Cemetery Fence Replacement

Mr. Delisio recalled in 2008-2009 they had moved the Sunset entrance project up one year and determined that the fence along 19th Street should also be replaced. The Board had agreed to allocate \$100,000 for this project. When the Commission reviewed the project, Commissioner DuBose had suggested that the entire fence should be replaced and the Commission had approved allocating \$200,000. Mr. Delisio stated it was suggested they request funding from Carriage; he had done this and Carriage had refused. Mr. Delisio said perpetual care and capital projects were components of the Trust Fund. He said the Board needed to agree to the additional \$100,000 for the fence.

Chair Mowrey explained that the Board tended to be conservative, which was why they had not considered replacing the entire fence until the Commission suggested it. She referred to emails in which someone had asked why they did not put off the maintenance building and replace the fence instead. Chair Mowrey said these projects were of equal value: the fence needed replaced, the entrance needed replaced and the maintenance building needed to be built.

Chair Mowrey said their agreement with Carriage worked because they both engaged in give and take; they both performed capital improvements. Mr. Delisio said the last time they had used Trust Fund money for capital improvements was the northern wall at Sunset and the administrative building. He explained the fund was now \$7.5 million over and above the corpus that they could use for capital improvements.

Chair Mowrey clarified for Mr. Sykes that the City Commission had directed them to inquire if Carriage would contribute the additional \$100,000 for the fence replacement. The City Auditor had proposed postponing the expenditure until there was a new contract, at which time they would try to get the contractor to pay for the fence.

Mr. Delisio reiterated that they must use some Trust Fund dollars for capital improvements. He said they should not allow the cemeteries to deteriorate because no contractor would pay 100% for capital projects. The contract would come up again in three years. Mr. Delisio said we have a choice: tell the contractor to put off construction of the mausoleum and instead build the fence. He noted it was the appropriate time to build the mausoleum based on anticipated need.

Ms. Sallette agreed the entire fence should be replaced at once, and that they should use Trust Fund money to do it. Mr. Spence confirmed that the Commission had approved using up to \$200,000 from the Trust Fund for the new fence and that the Board needed to approve this appropriation as well. It was the auditor who had suggested they do something other than what was discussed at the Commission meeting.

Motion made by Ms. Sallette, seconded by Ms. Hayes, to approve allocating up to \$200,000 from the Perpetual Care Trust Fund for fencing at Sunset Memorial Gardens. In a voice vote, Board unanimously approved.

E. Capital Improvements Project Update

Chair Mowrey announced that the dedication of the mausoleum and cremation gardens at Lauderdale Memorial had been held the prior evening. She remarked that this set them apart from all city cemeteries and most privately-owned cemeteries. Chair Mowrey thanked Carriage for putting on such a lovely event. She said the Mayor and others were very pleased with what had been done, and the Mayor gave kudos to the great working relationship they had with Carriage.

Mr. Banas referred to the spreadsheet and noted that at Evergreen, they had committed to landscaping and trashcans.

At Lauderdale Memorial, Mr. Banas said they had resurfaced the roads at the entrance, completed the two accounts set up for the cremation garden and replaced the trash cans. They had estimated \$93,000 but had actually spent \$100,765.

At Sunset, Mr. Banas said the capital projects included the entrance, the mausoleum, the trash cans and the maintenance building.

Mr. Banas said there were a few items he wanted to discuss adjusting. At Evergreen, he reminded the Board that the County had performed an overview and were training employees in maintenance of the turf and irrigation system. They had advised that all

irrigation heads should be standardized. Mr. Banas wished to use the \$10,000 originally intended for landscaping to pay for making all of the sprinkler heads the same and to finish automating the system. Mr. Delisio said the County had advised that the work Mr. Banas proposed should save them 25% on the roughly \$10,000 a month water bill.

Regarding the trash cans, Mr. Banas said they had overestimated their cost and he wished to use the remaining \$6,000 to help cover the cost of refurbishing the foyer at the Lauderdale Memorial Park office to create a family sitting room.

Motion made by Mr. Pearson, seconded by Ms. Hayes, to approve reallocation of \$10,000 for the irrigation work at Evergreen and \$6,000 for the foyer at Lauderdale Memorial Park. In a voice vote, Board unanimously approved.

At Sunset, Mr. Banas said they had saved \$10,000 on the entrance, and he wished to reallocate this amount to cover shelving for the lowering devices and equipment in the maintenance building and to help cover the cost to demolish the old building.

Motion made by Ms. Sallette, seconded by Mr. Adams, to reallocate the funds from the entrance project to the maintenance building project at Sunset Memorial Gardens. In a voice vote, Board unanimously approved.

Mr. Banas referred to the drawings for the new mausoleum at Sunset. He stated in Sunset, they had no lawn crypts, which were double-depth vaults that could be used when two people wanted to stay together but could not afford a private estate or mausoleum. He suggested reducing the size of the mausoleum by 80 spaces and utilizing that space to build a lawn crypt garden with 60 spaces nearby. Mr. Banas said they would have phase one of the mausoleum out front that could be added in five or six years. Next to the lawn crypt area would be a cremation garden. Mr. Delisio said they would then have multiple product lines. Mr. Delisio asked the Board to approve the concept and they would expend the funds allocated.

Mr. Banas acknowledged that in the past year they had been focused on Lauderdale, and next year they would be concentrating on Sunset.

Mr. Banas invited Board members to attend the candlelight service at Lauderdale Memorial on December 4 and at Sunset on December 11.

Motion made by Mr. Pearson, seconded by Mr. Sherman, to reallocate funds from the mausoleum to create lawn crypts. In a voice vote, Board unanimously approved.

F. Quarterly Maintenance Reimbursement

Chair Mowrey noted they had received the corrected spreadsheets from April – June and the total dollar amounts had remained the same. Mr. Delisio explained the differences in the original and corrected spreadsheets.

Motion made by Mr. Adams, seconded by Mr. Pearson, to approve the maintenance reimbursement for July – September 2010. In a voice vote, Board unanimously approved.

Mr. Delisio distributed information indicating additional income that had been received that had been misclassified. He asked the Board to amend the contractor's reimbursement for October – December 2009 to include this additional \$9,250.

Motion made by Mr. Pearson, seconded by Ms. Hayes, to amend the contractor's reimbursement for October – December 2009 to include the additional \$9,250. In a voice vote, Board unanimously approved.

4. Adjournment

There being no further business to discuss, the meeting was adjourned at 5:11 p.m.

[Minutes prepared by: J. Opperlee, Prototype Inc.]