

**CEMETERY SYSTEM BOARD OF TRUSTEES
CITY OF FORT LAUDERDALE
CITY HALL 8TH FLOOR CONFERENCE ROOM
TUESDAY, MARCH 29, 2011
3:30 P.M.**

<u>Chair</u>	<u>Attendance</u>	<u>Cumulative Attendance</u> 2/2011 through 1/2012	
		<u>Present</u>	<u>Absent</u>
Victoria Mowrey, Chair	P	1	0
Damon Adams	P	1	0
Patricia Hayes	P	1	0
Larry Ott	A	0	1
Jonathan Pearson	P	1	0
Dolores Sallette [3:34]	P	1	0
Larry Sherman	A	0	1
John Sykes	P	1	0
Susan Telli	A	0	1

City Staff

Julius Delisio, Cemetery Board Liaison
Lisa Slagle, City of Fort Lauderdale
D'wayne Spence, Assistant City Attorney
J. Opperee, Recording Secretary

Guests

John Banas, Carriage Services
Trevor Jackson, Carriage Services
Lynda Flynn, City Treasurer

Communication to the City Commission

Motion made by Mr. Adams, seconded by Ms Sallette, to accept the recommendation of the Selection Committee and to recommend to the City Commission that SunTrust be the Cemetery Custodial Trust Investment Manager. In a roll call vote, motion passed 4-2 with Mr. Sykes and Chair Mowrey opposed.

The meeting was called to order 3:30 pm.

1. Minutes Approval

o January 2011 Meeting

Motion made by Mr. Pearson, seconded by Ms. Hayes, to approve the minutes of the Board's January 2011 meeting. In a voice vote, the motion passed unanimously.

2. Old Business

A. Evergreen Surplus Property Sale

Mr. Delisio said the sale had gone through. The resident had bid \$4,500, approximately the amount the City had asked for, and the City Commission had approved the sale. Mr. Delisio said there were limitations on what could be done with the property due to its zoning, and the new owner had agreed to these conditions.

B. Evergreen Cemetery Irrigation Improvements

[This item was heard out of order]

Mr. Banas read a portion of a letter from the Broward County Natural Resources Planning and Management Division regarding their evaluation of the irrigation system at Lauderdale Memorial Park. Mr. Banas described problems they had been experiencing, which were the result of ground leaks in the system. A contractor had subsequently replaced heads, repaired leaking pipes, installed a rain sensor and re-programmed the timer.

Mr. Banas reported that in the last three months of 2010, water usage averaged \$8,800 per month. The first water bill after the system was repaired was less than \$1,000 for approximately half the month. Mr. Banas said they had also hired a new irrigation specialist in January to keep the systems running properly.

Chair Mowrey thought the cemeteries could be role models for irrigation systems throughout the City.

Mr. Banas said he, Mr. Delisio and Mr. Jackson had attended an irrigation/landscaping seminar. He stated Evergreen already exceeded the standards to become a listed habitat. They would register Evergreen and find out what needed to be done at Lauderdale and Sunset to qualify.

3. New Business

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

There are currently nine members appointed to the Board. Therefore, five members present constitutes a quorum. It was determined that a quorum was present.

B. Cemetery Custodial Trust Investment Manager

Chair Mowrey said Ms. Hayes and Mr. Sykes were on the Selection Committee and Mr. Pearson, Ms. Flynn and herself had sat in on the final presentations earlier.

Ms. Flynn stated three of the five presenters were very qualified and the scoring had come down to pricing. SunTrust had garnered the most points and would therefore be recommended.

Mr. Delisio explained that when scoring RFPs, 30 points were awarded for having the lowest cost. He stated SunTrust had 93 points, Bank of America had 64 and Wells Fargo had 58.

Mr. Pearson remarked that SunTrust had received the 30 points for cost because they proposed changing the portfolio makeup slightly.

Mr. Sykes remarked they were throwing out the adviser they had used for many years because of a scoring system he felt was over-weighted for cost. He added that some presenters were not providing "true cost." Not counting the points for cost, SunTrust actually scored one point less than Bank of America.

Ms. Hayes stated SunTrust started with a 25 basis point fee but would charge more for stocks. She said the presenters were aware that the additional points would be given for pricing. Ms. Hayes said she agreed with the SunTrust recommendation.

Mr. Pearson felt the pricing "was not comparing apples to apples" and if they changed to SunTrust, their fees would not be \$240,000, they would be substantially more.

Chair Mowrey stated the Selection Committee was bound to recommend the highest scorer to the Cemeteries Board. The Cemeteries Board was then charged with making a recommendation to the City Commission.

Mr. Delisio stated SunTrust would not invest the portfolio in stocks, which would be much cheaper. Mr. Delisio said the presenters had made proposals structured to ensure the portfolio would provide \$600,000 in income per year.

Ms. Sallette said she agreed to recommend SunTrust and Mr. Adams agreed.

Chair Mowrey said she had a problem because the SunTrust representatives kept referring to their proposal as a "low-cost, plain vanilla, easy to explain" solution. Ms. Mowrey stated they did not have a problem that required a solution, and the SunTrust approach seemed strange to her. She added that future changes to the portfolio structure could result in even higher costs than those quoted by Bank of America or Wells Fargo. Ms. Mowrey indicated the cost to change the account would not be inexpensive either.

Mr. Sykes said the difference in the returns was stark: SunTrust proposed a 3.5% return but in the past eight years with Bank of America, they had experienced a 6.7% return. Ms. Flynn said SunTrust had based their proposal on the guarantee of \$600,000 per year because this was the first requirement. Appreciation of the core was the next level, secondary to the needed income.

Chair Mowrey recalled that every presenter had suggested they the City take another look at the investment policy.

Motion made by Mr. Adams, seconded by Ms Sallette, to accept the recommendation of the Selection Committee and to recommend to the City Commission that SunTrust be the Cemetery Custodial Trust Investment Manager. In a roll call vote, motion passed 4-2 with Mr. Sykes and Chair Mowrey opposed.

Chair Mowrey stated she had voted against the motion not because she did not want SunTrust, but because she opposed the methodology used to make the selection. Ms. Hayes agreed.

C. Sunset Cemetery Fence Replacement

Mr. Delisio stated the contractor had applied for the permit, which had been denied because new Code specified that the fence must be set back another three feet and they must install a hedge. He explained there was an irrigation water line that ran next to the existing fence line and graves were nearby, so relocating the fence in three feet would be very difficult. Mr. Delisio said they also did not want to have to install the hedge. They would therefore seek a variance, which was an expensive process, and required a new survey. Mr. Delisio reminded the Board that the contractor had already fabricated the fence, but the City had not yet paid for it.

Mr. Delisio said the Board had originally approved \$200,000 for the project and the cost for the fence was only \$81,000. He asked the Board to approve using an additional \$20,000 on the project. Mr. Spence said the City Attorney's office was recommending they proceed with a Public Purpose Use designation, which would qualify the project for a waiver from the new Code requirement and allow them to replace the fence in its current location. The Public Purpose Designation request was first presented to the Planning and Zoning Board and then to the City Commission. He said variances required proof of a hardship, and the City Attorney felt this criterion might be difficult to meet.

Ms. Sallette remarked that some of the graves were already located close to the fence and moving the fence closed would present a hardship to the families whose loved ones were buried there.

Mr. Banas stated if the fence were moved in, it might prove difficult or impossible to dig a grave for someone who purchased a gravesite in advance of need. This would also present a hardship.

Motion made by Mr. Pearson, seconded by Mr. Sykes, to allocate an additional \$20,000 toward the fence project and to allow staff to pursue the best approach to resolve the issue. In a voice vote, the motion passed unanimously.

D. Capital Improvements Project Update

Mr. Banas explained they were in the third year, and drew the Board's attention to the spreadsheet showing the individual items. He noted that a few items from Year 2 were still in process: the irrigation at Evergreen, officer renovations at Lauderdale and the mausoleum and entrance at Sunset.

Mr. Banas said there had been change to the mausoleum plans at Sunset, and distributed a layout plan depicting two separate buildings with casket spaces, a committal chapel and two smaller buildings to hold cremains. He distributed a photo of the 28' gazebo that would be installed as the committal chapel shelter.

Mr. Banas said they had originally planned a scaled-down version of the Lauderdale mausoleum but they had been unable to make it affordable for the community. This new design had allowed them to bring the costs down significantly. He explained there had been a steady increase in the number of people choosing cremation instead of burial, which was why they had added the cremains area. Mr. Banas added that this was also a better design from a construction standpoint because the next phase could be constructed without disturbing anything. This location and design would also not result in the reduction of any grave space.

Mr. Banas pointed out the last column on the spreadsheet that specified projects they would perform this year and the funds allocated for them. This included more trashcans and pinning and developing a new section for Lauderdale, and road resurfacing at Sunset. Mr. Banas remarked that the \$37,500 allocated for the resurfacing would only cover approximately 600 feet. He reminded the Board that the area where the old office building had been demolished was a beautiful tract of land they wished to pin and irrigate to be used for graves. Sunset was also in desperate need of a new pumping station, and the \$37,500 could be used to develop that tract and repair the irrigation system.

Motion made by Mr. Pearson, seconded by Mr. Adams, to allocate the \$37,500 for new garden development, and to repair/upgrade the irrigation system at Sunset. In a voice vote, motion passed unanimously.

E. Quarterly Maintenance Reimbursement

Mr. Delisio explained that the negative numbers on the report were from when they had done mold remediation. Carriage had created a separate account and paid for remediation. The negative numbers represented money that should have been capitalized for the repairs but predated setting up that account.

Motion made by Mr. Adams, seconded by Ms. Sallette, to approve the quarterly maintenance reimbursement. In a voice vote, motion passed unanimously.

F. General Price List

Mr. Delisio remarked they had not initiated price changes, and said there was a lot of pressure on two City cemeteries by a very large competitor. Mr. Delisio felt the City had a higher quality product and most people would pay the difference to know the cemetery would always be taken care of.

Mr. Delisio explained second rights – the ability to buy a right for a second interment in one grave space. He said in all of the City's cemeteries, one could put one casket and cremains or two cremains in one space, by paying for a second right. Most cemeteries charged 50% of the space cost for the second right. In the City, the second right was a flat \$995. Carriage had suggested they consider changing the pricing at some point in the future for the second right to match the typical 50%.

The Board agreed it was not an appropriate time to raise prices.

Motion made by Mr. Adams, seconded by Mr. Pearson, to approve the existing price list to remain in effect for 2012. In a voice vote, motion passed unanimously.

G. City Commission Action Items

The Board agreed to forward their motion regarding the selection of the Custodial Trust Investment Manager to the City Commission.

4. Adjournment

There being no further business to discuss, the meeting was adjourned at 5:03 p.m.

The Board's next meeting was scheduled for May 12, 2011.