

**CEMETERY SYSTEM BOARD OF TRUSTEES
CITY OF FORT LAUDERDALE
CITY HALL 8TH FLOOR CONFERENCE ROOM
THURSDAY, JANUARY 10, 2013
3:30 P.M.**

Members	Attendance	Cumulative Attendance 2/2012 through 1/2013	
		Present	Absent
Michael Ruddy, Chair	P	5	1
Patricia Hayes, Vice Chair	P	5	1
Damon Adams	P	6	0
Victoria Mowrey	P	2	0
Larry Ott	P	6	0
John Sykes	P	5	0
Susan Telli	A	4	2
Mark Van Rees	P	3	0
Jimmy Witherspoon	P	1	0

City Staff

Julius Delisio, Cemetery Board Liaison

Lisa Slagle, Parks and Recreation/Recording Secretary

Guests

John Banas, Carriage Services

Trevor Jackson, Carriage Services

Kim Krause, SunTrust Bank

Chris Monceau, Carriage Services

Dennis Smith, Carriage Services

Yoly Colarusso, City of Fort Lauderdale

Cate McCaffrey, City of Fort Lauderdale

Communication to the City Commission

None

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

The meeting was called to order 3:30 pm and it was determined a quorum was present.

B. November 2012 Meeting Minutes Approval

Motion to approve minutes of the Board's November meeting with no corrections, made by Vicki Mowrey, seconded by Pat Hayes. In a voice vote, the motion passed unanimously.

2. Old Business

A. Sunset Memorial Gardens repaving

Discussion on repaving Sunset Memorial Gardens. Engineering has given a quote of \$97,250.00 (\$9,500.00 engineering fees). The City Commission will be provided this information and the project will be done as an Engineering Capital Improvement project. The City currently has a paving contract, which can be used for repaving Sunset. Engineering has provided the Cemetery Board with an estimate, which includes minor repair work, on the repaving. This project will be scheduled to begin in Feb/March and completed by April. The cost of the project should not exceed \$100,000.

The project would be a 4-inch overlay on the existing roads. City inspectors will inspect the job in process and at its completion. No permit is required for this project as it is repaving.

Motion: To expend no more than \$100,000 on the project to repave and repair the roads at Sunset Memorial Gardens made by Vicki Mowrey. Seconded by Mark Van Rees. Unanimous vote.

3. New Business

A. Sun Trust Bank/Trust Quarterly Review

Ms. Krause, SunTrust Bank, provided an update on the Perpetual Care Trust Fund portfolio.

2012 was a good year with good results for the portfolio. Still some areas of concern: softness in consumer spending and business spending, low interest rates tied to employment rate (at 6 ½%) and expect low interest rates through 2014. Strong equity returns; S&P was up 16%. Global Market rebounded since November. October was soft but a very strong market in November and December. Fiscal cliff resolved the tax side but spending cuts will not be made until later in the quarter. Policy debates and political wrangling will continue.

Strong returns out of the market. Fixed income investment grade corporate bonds high yield was top performing, Barclay aggregate (corporate income benchmark) up 4% for the year. Investment grade corporate bonds have done well. High yield 15% - we don't expect returns going forward to that magnitude. Portfolio will maintain the current weighting in 2013.

Domestic equity, active management, 2011/2012 most difficult environments for active equity managers to meet benchmarks, lots of challenges.

- S&P up 16% for the year.
- Russell 2000 small cap over 16% - 2% for the quarter domestic equity strong
- International equity finished out 2012, stronger than US equities.
- Developed markets strong in Nov/Dec up over 17% annual. Big bump up 6% in third quarter.
- Euro zone concern has diminished as policy actions have come into play. Focus moved to US – beneficial to the markets.
- Emerging markets up 18% for the year. Exposure to international and emerging markets helped the performance of the portfolio.

2013 Outlook is positive and optimistic, we see opportunity, as well as, risk.

Business spending and housing are strong and lead the recovery. Soft spot is in the consumer, stretched with credit card debt and wage growth has been slow. Consumer bigger part of GDP measurement. High taxes in play, so there is concern over the consumer going forward.

- Equities- Domestic 6 to 10% positive returns for 2013.
- Global uncertainty now peaking, European policy actions helped with risk there. US working on issues here. Long-term investors with 5 to 10 year time horizon will be able to ride the volatility of the market.

Stocks are the best opportunity for 2013. Fixed income will not provide the current rate of income going forward. We favor large cap domestic stocks with a growth style of investing. Developing international and emerging markets actually improved, we are staying with in the policy, and you are at the top limit allowed in your portfolio.

We are more cautious with fixed income. Several years very strong performance. Fixed Income, low interest rates will support high yield.

We trimmed out commodities in the 3rd quarter, cautious, given the volatility. We would like to see global growth stabilize before we go back in that sector of the market.

Ms. Krause explained defensively oriented sectors are stocks which do well during a downturn, such as consumer staples; grocery stores, basic items people need to purchase necessities vs. discretionary and/or luxury items.

Market Value – September 31, 2012= 21.9 million market value. Yesterday market value was \$22,251,996. Corporate obligations, individual bond holdings, since purchased, have an unrealized gain of over 1 million. Low interest rates have supported the value of the bonds and bid prices up higher. This will decrease as the interest rates climb. Interest rates and bond prices move in opposite directions.

No adjustments to the portfolio during the quarter, just about weighted equally between equities and fixed income. Portfolio is well diversified between large, mid and small cap; domestic equities along with international space.

There is one upcoming manager change. North Point Midcap Growth, a separate managed account (you actually own the equities) have decided to exit the mid cap market and will focus on large cap. Our manager evaluation group conducted their due diligence and we had identified a replacement manager, Quantum. Quantum has been in the top quartile performance ranking for both peers and index performance. They are well known for downside protection. In 2008 they lost much less than their benchmark did, and they have good risk adjusted returns. This change will take place before the next meeting and represents 4% of the portfolio, which equates to about 850,000 market value.

Fixed income is well diversified about half are corporate obligation bonds. High yield have done very well. PIMCO Foreign Bond and Templeton Global have done very well. Individual bonds are high quality, long-term corporate bonds. Providing good amount of income with overall high coupon rate of 5.9%, a very high coupon rate. Value of the bond portfolio has risen as interest rates have remained low, trend will reverse and as interest rates climb and we take a close look and may choose other bonds that do not have interest rate sensitivity. Duration is a measure of interest rate sensitivity for the bonds in the portfolio. The longer the term to maturity the more sensitive they will be to future interest rate changes. We will keep a close eye on interest rates and managing the duration of the bonds. Individual bonds and mutual bond funds (fixed income) gave the portfolio \$505,000 total estimated income. This is a good amount yielding just fewer than 5%.

Total Portfolio performance was over 13% by equities and fixed income. Equities up over 15 1/2 %. Fixed income played a big role, up over 11%. We do not expect fixed income to remain as strong going forward. Portfolio has out performed your benchmarks.

Ms Krause explained that the large cap lagged behind the benchmark and S&P benchmark. We did not outperform the benchmark in that area and the individual managers lagged behind their benchmarks. Ms. Krause will have the individual managed account summaries for the next meeting.

B. Capital Project Updates

Mr. Banas informed the Board that currently all capital projects, as required by the current contract, have been satisfied. Currently we are undergoing the following projects:

Lauderdale Memorial Park

There is a Jewish section at Lauderdale Memorial Park designated by City Commission, in the west area of the cemetery. This means that you can be buried there if you are not Jewish but you are restricted to type of graveside service and memorialization that you may have.

There are certain requirements for the Jewish section. Traditionally the Jewish section needs to be separated by hedges or a wall, a sidewalk so as not to walk on graves and an entrance gate.

Carriage is requesting permission to pursue relationship with the Rabbi and develop the area with garden enhancements as part of the second term agreement. This requires a motion, from the Board, for approval.

Discussion: The area is already plotted. We will lose some spaces for the entrance gate and walking area. Evergreen Jewish section is full. Customers are directed to LMP, but the area needs to be attractive to them.

History: City Commission designated the Jewish section in approx 2002. Block 1, 2, 3 and 3a were designated. Some sites had been sold in the 1990s and were promised that this would be a Jewish section. At the time period that Evergreen was designated, the Temples were allowed to reserve blocks. Organizations were able to do this, at the time, for 6 months and it was reserved for your members. The Temples bought the blocks and then sold them to members of the congregation. This is now outside of the City policy and would need both City Commission and Board approval. That is not what we are asking for.

Want to make more attractive to allow selling it. State Statute allows cemeteries to have religiously designated areas, as approved by the City Commission. Again, the City can bury non-Jewish, but memorialization and graveside services will have restrictions. The City/Carriage do not ask customers to prove they are Jewish but they are informed that this is the Jewish section and that they are restricted to type of service and memorialization.

In order to meet the needs of this community and to make it more attractive to their "style" and according to their regulations and burial rituals, Carriage is asking to use \$20,000 of capital funds from 2013 contract for landscaping, sidewalk and irrigation as part of the capital improvements for the second extension of the contract. We have \$620,000 for improvements for the next 5 years of the contract.

Discussion on the cost of the sites: These are not the least expensive at LMP; we can adjust the price if we need to. This is only a garden not a traditional Jewish cemetery. Some board members felt that this will take a long time. The Temple on Broward Blvd is a very young temple with young families. This will take more than one Rabbi to

support this. Mr. Banas has spoken with the Rabbi and his congregation are mostly conservative / reformed. This garden area would be acceptable. Orthodox would not choose to be buried there.

Motion: Designate \$20,000 of capital improvement for the Jewish section
At Lauderdale Memorial Park, made by Vicki Mowrey and seconded by John Sykes.

Discussion: Mark Van Rees requested the verbiage "not to exceed \$20,000" to be part of the motion.

Ms Mowery agreed to amend the motion.

Motion: Designate capital funds, not to exceed 20,000, for capital improvements to the Jewish section at Lauderdale Memorial Park. In a voice vote, the motion passed unanimously.

Evergreen: The Jewish section has been renovated; leveled monuments, sidewalk has been replaced and we moved two ficus trees that were growing into the wall and the estates. We had to remove and replace some of the wall area. The original wall was not stucco and you could see the individual bricks with mortar in-between. We tried to keep that look, but the bricks were so old and began to crumble, so we had to stucco the entire wall and paint it. The gates have been refinished by sandblasting and re-painting. The Holocaust museum group will be joining with us to do a rededication ceremony of the Evergreen Jewish section, along with assisting us with some press for the Lauderdale Memorial Park Jewish garden section.

Lauderdale Memorial Park:

Pavers were placed behind the new entrance wall replacing the memory plaques removed from the old wall. Plaque of those cremains spread at sea or elsewhere. Benches will be provided for reflection. This project was completed from trashcan funds.

Sunset:

New Mausoleum is finished. 38% sold out. Very successful project.

C. Management Transition

John Banas expressed a personal thank you to the Board as he has accepted a position with Carriage in California. He was pleased that the cemeteries have grown into beautiful parks and I could not have done that without your support. The projects we have done together are fantastic and rival private cemeteries anywhere. I am turning over reins to Mr. Delisio who will be taking my place as the Carriage Managing Partner at the cemeteries. He introduced Mr. Manceau, Director of support and Mr. Smith, Director of cemetery development from Carriage Services.

Board expressed their congratulations to John.

Mr. Sykes stated that it was a pleasure to watch Julius, John and Carriage do the right thing and not just the expedited thing.

D. Communication to the City Commission

None

4. Adjournment

There being no further business to discuss, the meeting was adjourned at 4:37 p.m.

The Board's next meeting was scheduled for March 14, 2013.

Minutes prepared by: L.Slagle, Parks and Recreation