

DRAFT
CEMETERY SYSTEM BOARD OF TRUSTEES
CITY OF FORT LAUDERDALE
CITY HALL 8TH FLOOR CONFERENCE ROOM
THURSDAY, MARCH 14, 2013
3:30 P.M.

Members	Attendance	Cumulative Attendance 3/2013 through 2/2014	
		Present	Absent
Michael Ruddy, Chair	P	1	0
Patricia Hayes, Vice Chair	P	1	0
Damon Adams	P	1	0
Victoria Mowrey	P	1	0
Larry Ott	P	1	0
John Sykes	P	1	0
Susan Telli	P	1	0
Mark Van Rees	A	0	1
Jimmy Witherspoon	A	0	1

City Staff

Cate McCaffrey, Parks and Recreation Deputy Director
 Stacey Daley, Parks and Recreation/Recording Secretary

Guests

Julius Delisio, Carriage Services
 Trevor Jackson, Carriage Services
 Kim Krause, SunTrust Bank
 Mark Hall, SunTrust Bank

Communication to the City Commission

None

1. Minutes Approval

Motion to approve minutes of the January 10, 2013 meeting, with noted corrections, by Mr. Adams and seconded by Ms. Mowrey. In a voice vote, the motion passed unanimously.

2. New Business

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

The meeting was called to order 3:33 pm and it was determined a quorum was present.

B. Trust Fund Investment Review SunTrust

Ms. Krause with SunTrust distributed a booklet and handouts to the Board for review. She explained that at mid-March the S&P is up 8-9% year to date showing strength in domestic equity markets. This is due to a strengthening housing market, decreasing

unemployment and strong consumer; all of which are fundamentals of a good economy. Ms. Krause also explained that another factor is that foreign markets are relatively weaker than US markets this year.

The overall portfolio is at neutral risk weighted relatively equal in equities and fixed income about 50% percent in each, in order to maintain a long-term target as opposed to overweighting or underweighting equities. This distribution still maintains a meaningful equity exposure. Mr. Krause explained that the portfolio has received relatively good returns on bonds over the last few years but moving forward it looks less optimistic.

As discussed over the last few meetings, interest rates will be heading upwards and investors will be searching for yields. High yields may be found in investment grade fixed income securities and in global and emerging market debt. SunTrust is positioning the portfolio to take advantage of these areas.

Summary provided to the Board taken from the portfolio statement showed market value, as of the end of February, at 22.6 million.

Ms. Krause explained that they some rebalancing changes would be made within the portfolio in the upcoming weeks specifically within the fixed income space increasing exposure to emerging market debt to take advantage of yield potential. Within high yield area, there is currently just fewer than 5% in high yield ETF. About half of this weight will be reallocated to loading rate debt, which is also a high yield sector.

Ms. Krause pointed out that Quantum Capital Management, the new midcap growth manager, representing just fewer than 4% of the portfolio, is doing very well

Ms. Krause explained that through February, the portfolio is up about 2.74%, which is a slight underperformance versus the benchmarks due to international emerging markets being relatively weak versus the domestic markets. Long term, they are optimistic and feel that there are no concerns at this point. Longer-term returns are continuing to be strong and outperforming both benchmarks. Fixed income holdings are also continuing to be strong due to the corporate bonds and global and emerging market exposure.

C. General Price List Review

The price list with proposed increases was distributed to the board. Chair Ruddy confirmed with Mr. Delisio that the June 1, 2013 date on the list was the date the prices would be in effect.

Ms. McCaffrey explained to the Board that the proposal would increase resident's price would by seventy-five dollars and a non-resident's price by one hundred dollars, similar to prior year increases. Board was directed to review the cost comparison between City cemeteries and other local cemeteries.

Mr. Delisio explained that the increase was approximately three percent. He stated that this increase was justifiable due to a few reasons: the City needed to remain competitive in pricing with local cemeteries, in order to reduce the risk of selling out and leaving residents without opportunities to purchase, and the annual five percent increase charged to the City by the contractor, Carriage Services. It was further clarified that many line items on the proposed price list remain unchanged.

It was clarified that the actual property rate increase is proposed at one hundred dollars with residents receiving a twenty-five percent discount.

In response to Mr. Adams question regarding the rate increase in comparison to operating cost increase, Mr. Delisio explained that the operating costs are increasing at a greater rate due to the rising fuel costs, employee raises, equipment replacement.

Motion made by Mr. Adams, seconded by Ms. Hayes to approve the General Price List. In a voice vote, motion passed unanimously.

D. Capital Improvements Project Update

Mr. Delisio explained that the money allocated for the first five years of the contract, which ends on September 30, 2013, has been expended.

The renovated entranceway at Lauderdale Memorial with the installation of memorial plaques, pavers and benches has been completed.

Mr. Delisio explained that the \$20,000 allocated at the January 2013 meeting for the redevelopment of the Jewish garden needs to be revisited. He feels the area does not require enough work to justify this amount of money. Mr. Delisio wishes to install an entranceway to the garden and hedging around it.

Capital improvements, in the amount of \$610,000, are scheduled for the second five years of the contract. One of the obligations is the second phase of the mausoleum at Sunset Memorial Gardens. The estimated cost of this project is currently \$430,000. Carriage Services will continue to do some improvements that will not be included in the capital improvements.

Mr. Delisio stated that 205 of the 364 units in the mausoleum at Sunset Memorial Gardens have sold in a 12-month period.

E. Quarterly Maintenance Reimbursement

Mr. Delisio explained that each year there is a quarter that the actual earnings exceed the reimbursement amount requested. This surplus is due to the significant amount of

interest credited during the month of December. The surplus will be applied towards any financial shortcomings throughout the remainder of the fiscal year.

Motion made by Ms. Mowrey, seconded by Mr. Adams, to approve the maintenance reimbursement, in the amount of \$210,269. In a voice vote, motion passed unanimously.

F. Nomination/Acceptance Chair and Vice Chair

Motion made by Ms. Mowrey, seconded by Ms. Telli, to nominate present Chair, Dr. Ruddy, to serve as Chair. In a voice vote, Board approved unanimously.

Motion made by Mr. Adams, seconded by Mr. Ott, to nominate current vice-chair, Ms. Hayes, to serve as Vice-Chair. In a voice vote, Board approved unanimously.

G. City Commission Action Items

None

Minutes prepared by: S. Daley, Parks and Recreation