



DRAFT
CEMETERY SYSTEM BOARD OF TRUSTEES
MINUTES OF VIRTUAL MEETING
CITY OF FORT LAUDERDALE
CITY HALL 7TH FLOOR CONFERENCE ROOM
100 N. ANDREWS AVENUE, FORT LAUDERDALE, FL 33301
THURSDAY, SEPTEMBER 16, 2021 – 3:30 P.M.

Members	Attendance	Cumulative Attendance	
		03/2021 through 02/2022	
		Present	Absent
Richard Kurtz, Chair	A	1	2
Dr. Pamela Beasley-Pittman	P	2	0
Benjamin Dowers	P	3	0
Paul Gitnik	P	3	0
Chelsea Krebs	P	2	1
John Lilli	A	1	2
Fred Nesbitt	P	3	0
Michael Watson	P	3	0
Patricia Zeiler, Vice Chair	P	3	0

City Staff

Stacy Spates, Cemetery Administrator
 Trevor Jackson, Parks and Recreation
 Crysta Parkinson, Recording Secretary, Prototype, Inc.

Guests

Kim Krause, Truist (SunTrust)
 Mark Hall, Truist (SunTrust)

1. CALL TO ORDER

Vice Chair Zeiler called the special meeting to order at 3:43 p.m.

A. Roll Call

Roll was called.

B. City Ordinance No. C-09-05, Quorum Requirement (Discussion)

It was determined a quorum was present.

2. OLD/BUSINESS

A. Cemetery Master Plan Project – Sunset Irrigation Project (Discussion/Motion)

Ms. Spates stated the irrigation project at Sunset Memory Gardens had finally been awarded. She explained the final award was for \$645,760 and the Board approved only \$625,000 based on the bids at that time. Ms. Spates provided an overview and history of the project to get Sunset Memorial Gardens fully automated. She explained this was the third award and reviewed the reasons behind the previous vendors not working out.

Vice Chair Zeiler stated there had been a full presentation to the Board previously and explained for the edification of new members that the selected materials were environmentally appropriate and had a significantly higher lifespan than other projects.

Ms. Spates noted the project was a priority in the Cemetery Master Plan.

Motion by Mr. Nesbitt, seconded by Mr. Gitnik, to approve an expenditure increase of \$20,760 for the Sunset Irrigation Project. In a roll call vote, the **motion** passed unanimously (7-0).

Ayes: Dowers, Gitnik, Krebs, Nesbitt, Watson, Vice Chair Zeiler, Beasley Pittman.

Nays: None

B. Cemetery Investment Training (Discussion/Motion)

Ms. Spates explained the majority of Board members had completed two (2) of the total four (4) sessions required by State Statute. She asked for discussion regarding potential training dates.

Consensus of the Board was to hold trainings on Friday, October 29 and Friday, November 5.

3. NEW BUSINESS

A. Approval of Meeting Minutes for July 8, 2021 (Discussion/Motion)

Motion by Mr. Nesbitt, seconded by Mr. Watson, to approve the minutes of the July 8, 2021 meeting. In a voice vote, the **motion** passed unanimously (7-0).

B. Truist Trust Fund Investment Review (Discussion/Motion)

- **Asset Allocation**
- **Investment Policy Benchmarking**
- **Cash on Hand**
- **PC Wire**

Kim Krause with Truist Bank provided a brief overview of the Investment Review through August 31, 2021 as follows:

- News continues to be good, with market level returns and portfolio returns positive.
- U.S. economy remains in expansion mode, continued expansion is expected through the rest of 2021 and into 2022.
- Consumer remains strong, with increased savings rate, debt reduction, and return to the job market meaning improvement to consumer. She noted the consumer is almost 70% of GDP.
- Corporations remain strong with record profits and cash levels, as well as very strong earnings growth.
- The S&P year-to-date through August was up 21%. International and emerging markets are positive, but much less so than the U.S., as the U.S. continues to lead the way through the recovery.
- The Barclays Aggregate, which is fixed income or bonds, is slightly negative year-to-date because yields have moved upward, putting pressure on bond prices.
- Overall, the 12-month outlook remains positive. She stated typically August and September are weaker months of the year, but growth should maintain a rate above the pre-pandemic trend.
- Other concerns are the Federal Reserve and tapering. She explained the Federal Reserve has been clear they will not be raising short-term interest rates, but they are expected to slow down the pace of buying bonds toward the end of the year.
- The tax picture right now is unclear, with Congress reviewing the issue. Looks like corporate tax rate will rise from 21% to 25% or so, with a possibility of capital gains tax increases, but when looking at tax policy related to market returns, returns tend to be more tied to the economy.
- Year-to-date, the portfolio continues to see gains due to market appreciation. The market value of the portfolio increased to \$34,057,963 at the end of August. The net gain was \$2,595,214 plus interest and dividends of \$438,876 and net accrued income of \$11,279.
- As shown in the quarterly market value trends, the portfolio low was \$26,651,223 in March 2020.

- In portfolio composition and asset allocation, she highlighted that the portfolio continues to be managed within the existing investment policy statement ranges of 40-60% equity, and 40-60% fixed income.
- Have not made any manager changes to portfolio since last meeting, continue to favor U.S. Large-Cap, have a solid commitment to dividend and income strategies in equity to produce needed yield. Currently contemplating exiting emerging markets at end of month due to increased concern regarding China.
- Continue to have good exposure to corporate investment grade bonds, which are producing a good yield.
- The cash position is 4.7%, \$1.6 million in cash.

Ms. Krause briefly discussed the reallocation of cash to meet the needs of the Cemetery Master Plan.

Vice Chair Zeiler stated if the Board decided to move forward with any of the other Master Plan projects, more cash would be needed. She asked Ms. Krause to comment as to whether that was something they should start working toward now. Ms. Krause stated she did not believe it would be prudent to begin to raise cash until a plan and timeline were in place.

Mr. Nesbitt asked if the Sunset irrigation project was in the City's Capital Improvement Plan (CIP). Ms. Spates explained that it was and stated the cost would be paid by City operating funds, then reimbursement would be sought from the trust fund. She noted the project was scheduled to go before the City Commission on October 21.

Ms. Spates stated there was more than enough money sitting in cash to pay for the irrigation project and agreed with Ms. Krause's advice to wait to raise cash until they know the outlay necessary for other projects.

Mr. Nesbitt asked if there were any recommendations about adjusting the asset allocations.

Ms. Krause responded a change to the asset allocation could be considered and stated recommendations had been made for a new Investment Policy statement. She stated it would be prudent to look at potentially higher equity exposure and discussed scenarios she could run to show ranges of expected returns and outcomes. Discussion continued regarding the Investment Policy.

Ms. Spates stated the last changes to the Investment Policy were adopted by the City Commission in January 2021.

Mr. Nesbitt asked that Ms. Krause bring any recommendations to enhance the portfolio to the next meeting for review. The Board and staff discussed the process for an update to the Investment Policy.

Ms. Krause stated she would have the analysis ready prior to the next meeting to allow time for the Board to review.

Mr. Nesbitt discussed ideas to integrate into the fixed income strategy to boost fixed income returns. Ms. Krause responded regarding the current exposure. She explained her advice would be to stick with liquid instruments and those which have gone through the truest due diligence process. She noted there were others she could review to determine how they would complement the present portfolio.

Ms. Krause pointed out the year-to-date returns on the portfolio were 9.5% net of fee. She stated the portfolio was outperforming the benchmarks because of the very strong equity returns received and the overweight positioning to equity and underweight position to fixed income.

Ms. Spates stated for each sale made, 19 percent is remitted, along with 20 cents per square inch of memorials. She explained the department had lost three (3) staff members in two (2) weeks, and as a result the PC wire, maintenance reimbursement, and profit and loss had not been provided. She stated she hoped to fill the accountant position within the next month or so and would catch up soon as possible. Ms. Spates explained she would have a report for the next meeting, but the revenue was doing extremely well. She stated they are overwhelmed with demand and discussed the contributing factors.

C. Maintenance Reimbursement Request Update (Discussion)

Item to be discussed at November meeting.

D. Cemetery P&L Statement Update (Discussion)

Item to be discussed at November meeting.

E. Other Business

Mr. Nesbitt provided an update regarding the Request for Proposals (RFP) process for the Perpetual Care Trust Fund Manager role. He stated the RFP committee had reviewed two (2) recommendations and agreed to remain with Truist to maintain the cemetery portfolio. He explained they had recommended the RFP be awarded and the item would go before the City Commission on October 25.

Discussion ensued regarding the relationship with the hometown bank. Ms. Spates stated Truist had always worked to serve in the best interest of perpetual care and noted she appreciates that.

Mr. Nesbitt asked for an update on the computer software progress. Ms. Spates stated the software purchase had included three (3) day on-site training which was scheduled for October, and noted they were currently conducting weekly check-ins as data is collected and the company works through mapping. She stated it is coming along but is a process.

Mr. Nesbitt stated the City was getting ready to adopt its budget, and he had noticed there were two (2) allocations in the CIP for the mausoleums. He asked for an update on the RFP. Ms. Spates stated the RFP was not out yet. She explained Public Works had assigned a project number and would be working on the bid package but asked the Board to consider the major impact the Surfside tragedy had on construction. She noted she would further update at the next meeting.

Discussion continued regarding availability of crypt space, project delays, and material availability due to ongoing issues related to COVID-19.

Mr. Gitnik commented on the construction timeline and revenue streams. He stated the cemetery needed to have certain tools and inventory available in order to operate. He asserted as much product as possible needed to be delivered to the cemeteries so they could continue their revenue stream and to operate like a business.

F. Communication to the City Commission – None

Vice Chair Zeiler asked if the Board needed to communicate to the City Commission that the mausoleum project needed to be prioritized.

Mr. Gitnik stated he would recommend a meeting, as the City needed to understand what was required in order to operate this business model and allow the cemetery to pay for itself. Discussion ensued regarding asking for a meeting between Vice Chair Zeiler and the City Manager to ask for support in expediting the project.

Ms. Spates suggested it could be as simple as an email and discussed turnover within the Public Works department.

Vice Chair Zeiler agreed to speak to Ms. Spates offline and discuss reaching out to the City Manager.

4. ADJOURNMENT

NEXT SCHEDULED MEETING DATE: THURSDAY, NOVEMBER 18, 2021 - 3:30 P.M.

There being no further business to come before the Board, the meeting was adjourned at 4:45 p.m.