

Fort Lauderdale Cemetery

As of June 30, 2019

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Investment Review

Activity Summary

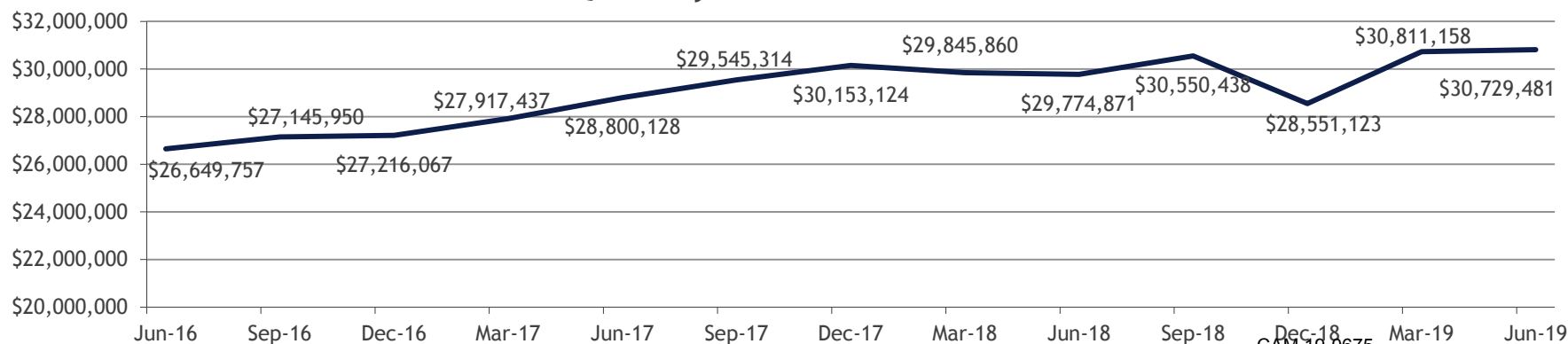
Quarterly

Period Ending June 30, 2019	
Beginning Market Value	\$30,135,156
Beginning Accrued Income	\$78,943
Beginning Portfolio Value	\$30,214,099
Contributions	\$420,029
Withdrawals	(\$673,208)
Gain (Loss)	\$689,561
Interest and Dividends	\$230,583
Net Accrued Income	(\$9,036)
Ending Market Value	\$30,811,158
Ending Accrued Income	\$69,907
Ending Portfolio Value	\$30,881,064

Year to Date

Period Ending June 30, 2019	
Beginning Market Value	\$28,551,123
Beginning Accrued Income	\$70,125
Beginning Portfolio Value	\$28,621,248
Contributions	\$713,713
Withdrawals	(\$1,453,357)
Gain (Loss)	\$2,555,360
Interest and Dividends	\$444,100
Net Accrued Income	(\$218)
Ending Market Value	\$30,811,158
Ending Accrued Income	\$69,907
Ending Portfolio Value	\$30,881,064

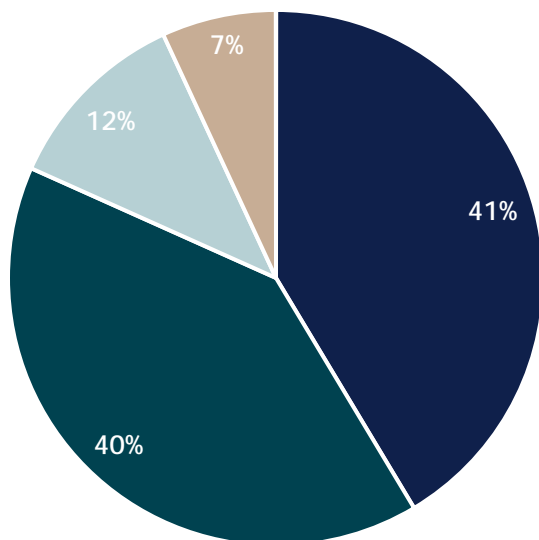
Quarterly Market Value Trends



Excludes accrued income.
Source: First Rate Advisor

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Portfolio Composition



- Fixed Income
- Domestic Equity
- Cash
- International Equity

Period Ending June 30, 2019						
Assets	Vehicle	Current Market Value	Current Allocation	Prior Allocation		Expense Ratio
Total Portfolio		\$30,881,064	100.0%	100.0%		0.28%
Total Equities		\$14,571,739	47.2%	45.7%	40-60%	
Large Cap Equities		\$9,209,552	29.8%	28.8%		
iShares DJ Select Dividend	ETF	\$3,523,428	11.4%	11.0%		0.39%
Vanguard Institutional Index	MF	\$1,490,208	4.8%	4.7%		0.04%
Vanguard Russell 1000 Growth	ETF	\$1,689,938	5.5%	5.3%		0.12%
Vanguard Russell 1000 Value	ETF	\$2,505,978	8.1%	7.8%		0.12%
Mid Cap Equity		\$722,399	2.3%	2.3%		
iShares Russell Mid Cap Value	ETF	\$722,399	2.3%	2.3%		0.25%
Smid Cap Equities		\$792,521	2.6%	2.5%		
Eaton Vance Atlanta Capital SMID-Cap R6	MF	\$792,521	2.6%	2.5%		0.82%
Small Cap Equities		\$1,716,850	5.6%	5.4%		
T Rowe Price QM US Small-Cap Growth - I	MF	\$897,811	2.9%	2.8%		0.66%
iShares Russell 2000 Value	ETF	\$819,039	2.7%	2.6%		0.24%
International Equities		\$2,130,417	6.9%	6.7%	0-10%	
DFA International Core Equity	MF	\$1,266,838	4.1%	4.0%		0.30%
Invesco Oppenheimer Developing Mkts R6	MF	\$863,580	2.8%	2.7%		0.87%
Total Fixed Income		\$12,797,971	41.4%	42.1%	40-60%	
Corporate Obligations	MA	\$3,989,003	12.9%	13.1%		0.00%
Foreign Bonds	MA	\$877,423	2.8%	2.9%		0.00%
Federal Agency Bond	MA	\$344,655	1.1%	1.1%		0.00%
DoubleLine Total Return Bond	MF	\$1,854,628	6.0%	6.2%		0.47%
Western Asset Core Plus Bond	MF	\$3,535,617	11.4%	11.6%		0.42%
PIMCO Income Instl	MF	\$1,322,632	4.3%	4.4%		0.74%
Osterweis Strategic Income	MF	\$874,012	2.8%	2.9%		0.84%
Total Cash Equivalents		\$3,511,354.72	11.4%	12.2%	0-25%	
Portfolio Yield		2.847%				
Estimated Annual Income		\$877,220				

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Investment Performance

Period Ending June 30, 2019							
Account	1 Month	3 Months	Year to Date	1 Year	3 Years	5 Years	Inception to Date
Total Portfolio	3.96%	3.07%	10.62%	6.56%	6.68%	5.36%	7.14%
Total Portfolio (Net of Fees)	3.93%	3.00%	10.48%	6.29%	6.39%	5.05%	6.79%
<i>Policy Benchmark*</i>	4.15%	3.84%	12.39%	9.63%	8.32%	6.98%	8.29%
<i>Blended Benchmark**</i>	4.04%	3.63%	11.87%	8.21%	7.74%	5.98%	7.32%
<i>Policy Benchmark with Cash***</i>	3.65%	3.32%	10.76%	7.53%	7.06%	5.39%	6.56%
Total Equities	6.97%	3.58%	16.81%	5.35%	9.97%	7.55%	9.85%
Domestic Equities	7.11%	3.75%	17.33%	6.85%	10.17%	8.06%	10.67%
<i>S&P 500</i>	7.05%	4.30%	18.54%	10.42%	14.19%	10.71%	13.32%
<i>DJ US Strategic Dividend</i>	7.25%	2.30%	13.64%	5.80%	9.21%	9.22%	12.90%
<i>Russell Mid Cap</i>	6.87%	4.13%	21.35%	7.83%	12.16%	8.63%	12.02%
<i>Russell 2000</i>	7.07%	2.10%	16.98%	-3.31%	12.30%	7.06%	10.44%
International Equities - Developed	5.98%	2.44%	12.75%	-4.04%	7.74%	--	--
<i>MSCI EAFE</i>	5.93%	3.68%	14.03%	1.08%	9.11%	2.25%	4.66%
International Equities - Emerging	6.42%	2.86%	15.65%	3.18%	12.58%	2.83%	1.43%
<i>MSCI Emerging Markets</i>	6.24%	0.61%	10.58%	1.21%	10.66%	2.49%	1.47%
Total Fixed Income	1.73%	3.16%	6.97%	8.37%	3.53%	3.48%	4.70%
<i>Bloomberg Barclays Aggregate</i>	1.26%	3.08%	6.11%	7.87%	2.31%	2.95%	3.05%
Total Short Term	0.18%	0.57%	1.14%	2.13%	1.24%	0.76%	0.49%

*Policy Benchmark consists of 50% S&P 500, 50% Bloomberg Barclays Aggregate.

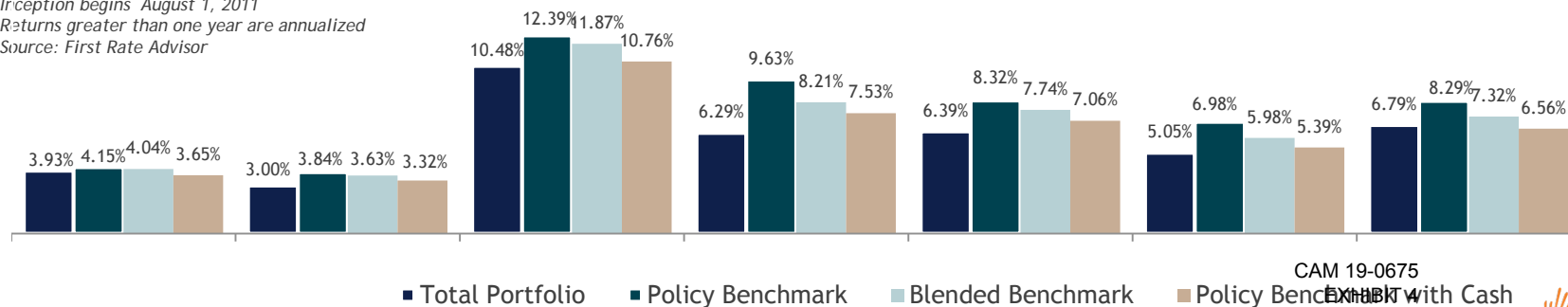
**Blended Benchmark consists of 40% S&P 500, 10% MSCI EAFE, 50% Bloomberg Barclays Aggregate.

***Policy Benchmark with Cash consists of 35% S&P500, 10% MSCI EAFE, 45% Bloomberg Barclays Aggregate, 10% 91-day T-Bill.

Inception begins August 1, 2011

Returns greater than one year are annualized

Source: First Rate Advisor



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Exhibit W

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Manager Performance

Period Ending June 30, 2019

Assets	Ticker Symbol	1 Month	3 Months	YTD/ 5 Months	1 Year	3 Years	5 Years	10 Years	Net Expense Ratio
Large Cap Equities									
Vanguard Russell 1000 Growth	VONG	6.87%	4.63%	21.44%	11.47%	17.95%	13.27%	--	0.12%
<i>Russell 1000 Growth</i>		6.87%	4.64%	21.49%	11.56%	18.07%	13.39%	16.28%	--
iShares Dow Jones Select Dividend	DVY	7.21%	2.21%	13.44%	5.40%	8.78%	8.79%	14.76%	0.39%
<i>Dow Jones US Select Dividend</i>		7.25%	2.30%	13.64%	5.80%	9.21%	9.22%	15.23%	--
Vanguard Institutional Index	VINIX	7.04%	4.30%	18.54%	10.39%	14.15%	10.68%	14.68%	0.04%
<i>S&P 500</i>		7.05%	4.30%	18.54%	10.42%	14.19%	10.71%	14.70%	
Vanguard Russell 1000 Value	VONV	7.17%	3.83%	16.20%	8.42%	10.10%	7.33%	--	0.12%
<i>Russell 1000 Value</i>		7.18%	3.84%	16.24%	8.46%	10.19%	7.46%	13.19%	
Mid Cap Equities									
iShares Russell Mid Cap Value	IWS	6.73%	3.13%	17.88%	3.57%	8.75%	6.52%	14.32%	0.24%
<i>Russell Mid Cap Value</i>		6.75%	3.19%	18.02%	3.68%	8.95%	6.72%	14.56%	
Eaton Vance Atlanta Capital SMID-Cap R6	ERASX	6.97%	9.00%	26.38%	14.14%	15.91%	13.75%	16.96%	0.82%
<i>Russell 2500</i>		7.09%	2.96%	19.25%	1.77%	12.34%	7.66%	14.44%	
Small Cap Equities									
T Rowe Price Qm US Small Cap Growth Equity Fd - I	TQAIX	8.19%	5.38%	23.58%	6.99%	15.64%	10.75%	17.09%	0.66%
<i>MSCI US Small Cap Growth</i>		7.83%	3.07%	21.25%	1.08%	14.44%	8.18%	15.48%	
iShares Russell 2000 Value	IWN	6.33%	1.31%	13.35%	-6.37%	9.67%	5.29%	12.26%	0.24%
<i>Russell 2000 Value</i>		6.37%	1.37%	13.47%	-6.24%	9.81%	5.39%	12.40%	

Manager Performance

Period Ending June 30, 2019

Assets	Ticker Symbol	1 Month	3 Months	YTD/ 5 Months	1 Year	3 Years	5 Years	10 Years	Net Expense Ratio
International Equities									
DFA International Core Equity	DFIEX	5.99%	2.44%	12.76%	-4.04%	8.57%	2.14%	7.43%	0.30%
MSCI ACWI ex US		6.02%	2.98%	13.60%	1.29%	9.39%	2.16%	6.54%	
Invesco Oppenheimer Developing Mkts R6	ODVIX	6.42%	2.86%	15.65%	3.14%	12.57%	2.89%	8.29%	0.87%
MSCI Emerging Markets		6.24%	0.61%	10.58%	1.21%	10.66%	2.49%	5.81%	--
Fixed Income									
DoubleLine Total Return	DBLTX	0.77%	2.34%	4.37%	6.38%	2.95%	3.31%	--	0.48%
Western Asset Core Plus Bond IS	WAPSX	2.03%	3.83%	8.24%	9.40%	4.21%	4.29%	6.73%	0.42%
PIMCO Income Instl	PIMIX	1.04%	2.40%	5.50%	6.87%	6.31%	5.30%	9.89%	0.74%
Bloomberg Barclays US Aggregate Bond		1.26%	3.08%	6.11%	7.87%	2.31%	2.95%	3.90%	--
Osterweis Strategic Income	OSTIX	1.16%	1.43%	5.12%	3.62%	5.62%	3.59%	6.22%	0.84%
Bloomberg Barclays US Universal Bond		1.41%	3.11%	6.54%	8.07%	2.84%	3.18%	4.37%	

Economic Overview

2019 Outlook: Investing Amid a Carousel of Concerns

Global Economy

Moderating Growth

- Growth trends remain relatively soft, with the weakest manufacturing trends in several years.
- To combat sluggish economies, central banks have sharply pivoted back to supportive monetary policies. This is easing financial conditions and should help to stabilize growth.
- The US expansion is entering a record setting 11th year. Importantly, we are not seeing the overheating and excesses that tend to precede recessions. We continue to expect solid US growth in 2019.

Global Equity

A Balancing Act

- The path of least resistance over the next 12 months for the market remains higher.
- Our outlook is supported by a combination of overly negative investor sentiment, easing global central bank policies and attractive equity valuations relative to bonds.
- Although we still see upside in stocks, we expect bouts of volatility as the *Carousel of Concerns* continues to turn.

Fixed Income

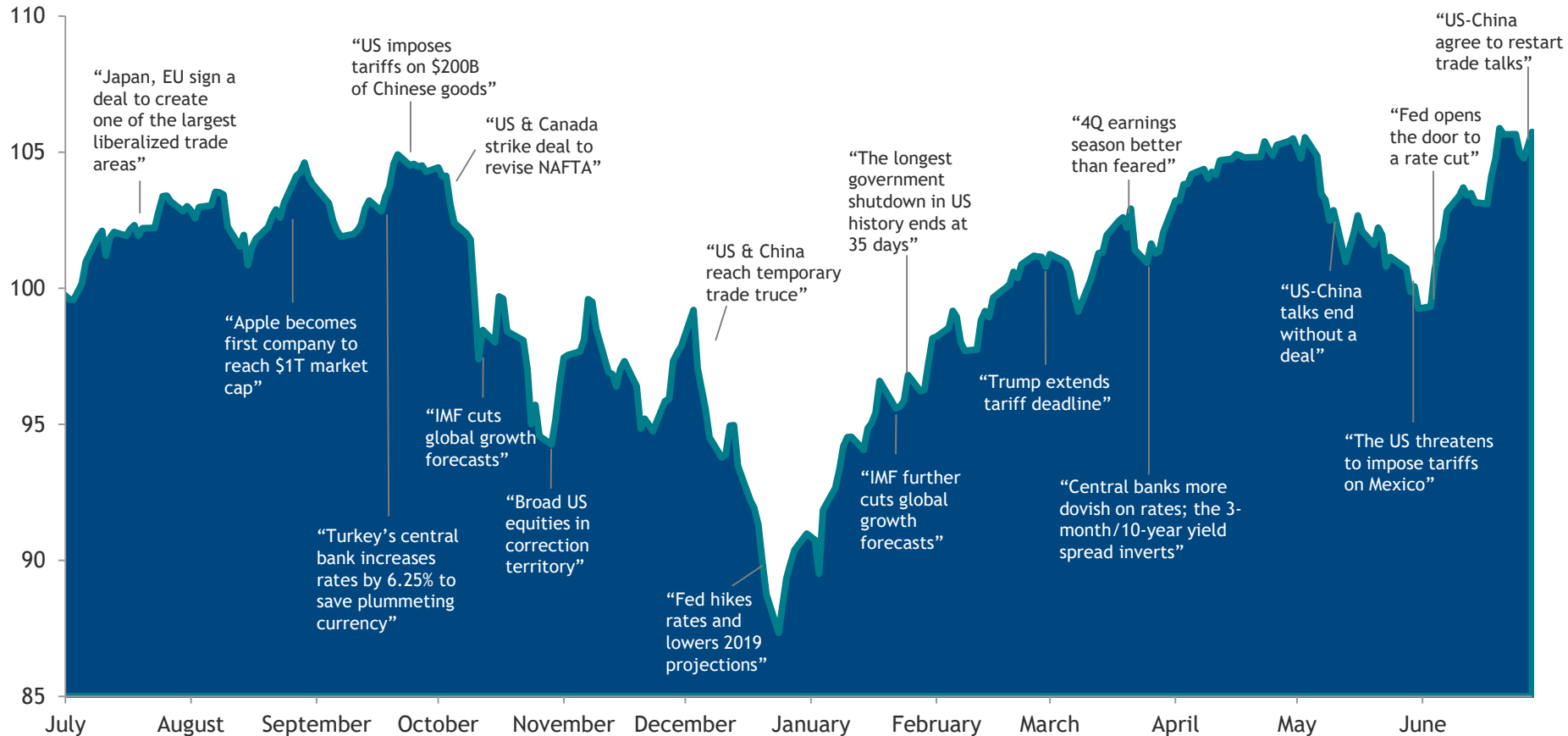
Yield Reset

- Global rates have sharply declined on sluggish economic trends, a pivot in central bank policies and waning inflation expectations.
- We now see intermediate-term US rates as largely range bound. The 10-year US Treasury yield—which is now the most stretched below its long-term trend since the Brexit shock in 2016—is being pulled down by the nearly \$13 trillion worth of negative yielding bonds worldwide.
- While rates have moved lower, overall credit conditions remain healthy.

A Look Back: World Stock Market Performance

MSCI All Country World Index with selected headlines from the past year

The daily barrage of headlines can distract investors. We recommend investors stay focused on their portfolio goals and the underlying fundamental trends when making investment decisions.



Source: SunTrust IAG; Graph Source: MSCI ACWI Index [net div.]. MSCI data © MSCI 2019, all rights reserved.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio.

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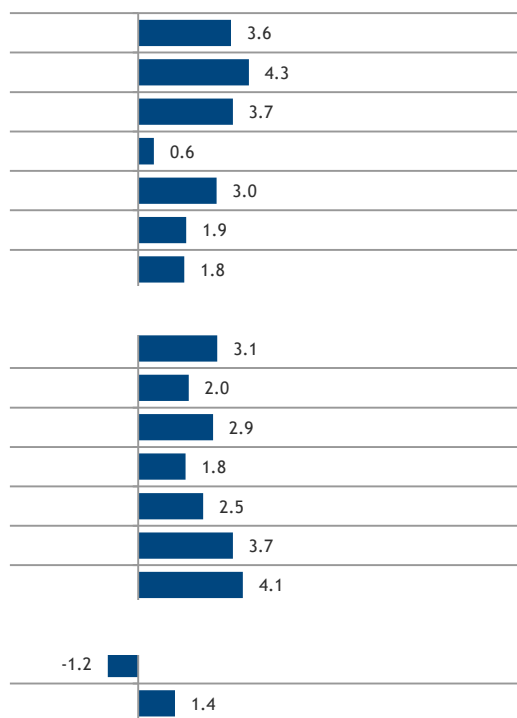
A Look Back: 2Q19 Asset Class Returns

After a sharp rebound in the first quarter, global stocks continued to march higher during the second quarter. Following the trend in the first quarter, the US led the pack while emerging markets lagged behind their developed markets peers.

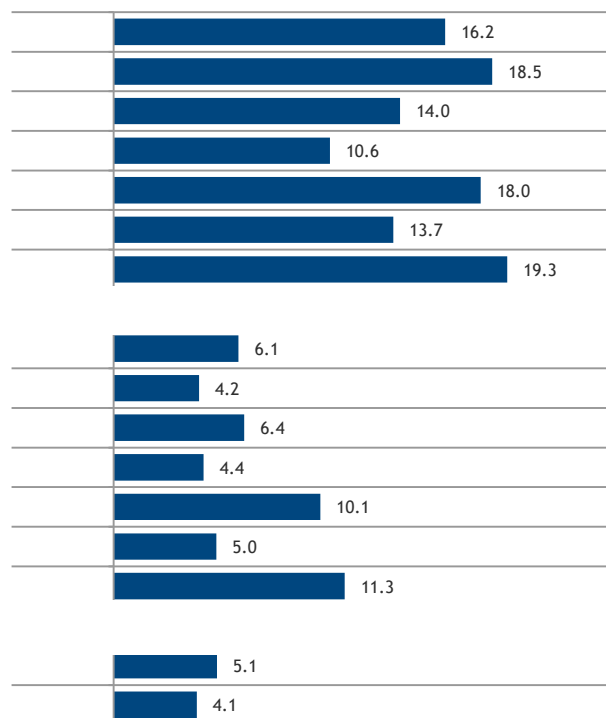
Core bonds continued their rally in the second quarter. Spreads initially widened before tightening again while yields fell to multi-year lows. Despite strong inflows, municipal bond returns lagged their peers for the quarter.

After notching modest gains in the first quarter, commodities gave back some of the return in a challenging second quarter. Global hedge funds, while finishing the quarter in positive territory, lagged both stocks and core bonds.

2Q19 (%)



Year-to-Date (%)



Equity

Global (MSCI ACWI)
 US Large Cap (S&P 500)
 International Developed (MSCI EAFE USD)
 Emerging Markets (MSCI EM USD)
 US Mid Cap (S&P MidCap)
 US Small Cap (S&P Small Cap)
 US Real Estate (FTSE NAREIT All Equity REITs)

Fixed Income

US Core Bonds (Bloomberg Barclays Aggregate)
 US Mortgage-Backed (Bloomberg Barclays U.S. MBS Index)
 TIPS (BofAML U.S. Treasuries Inflation-Linked)
 Intermediate Municipal (Bloomberg Barclays Municipal 1-15 Year)
 High Yield (BofAML High Yield Master)
 International Developed (ICE BofAML Global Government x US)
 Emerging Markets (JP Morgan EMBI Global Diversified)

Non-Traditional

Bloomberg Commodity Index
 HFRX Global Hedge Fund Index

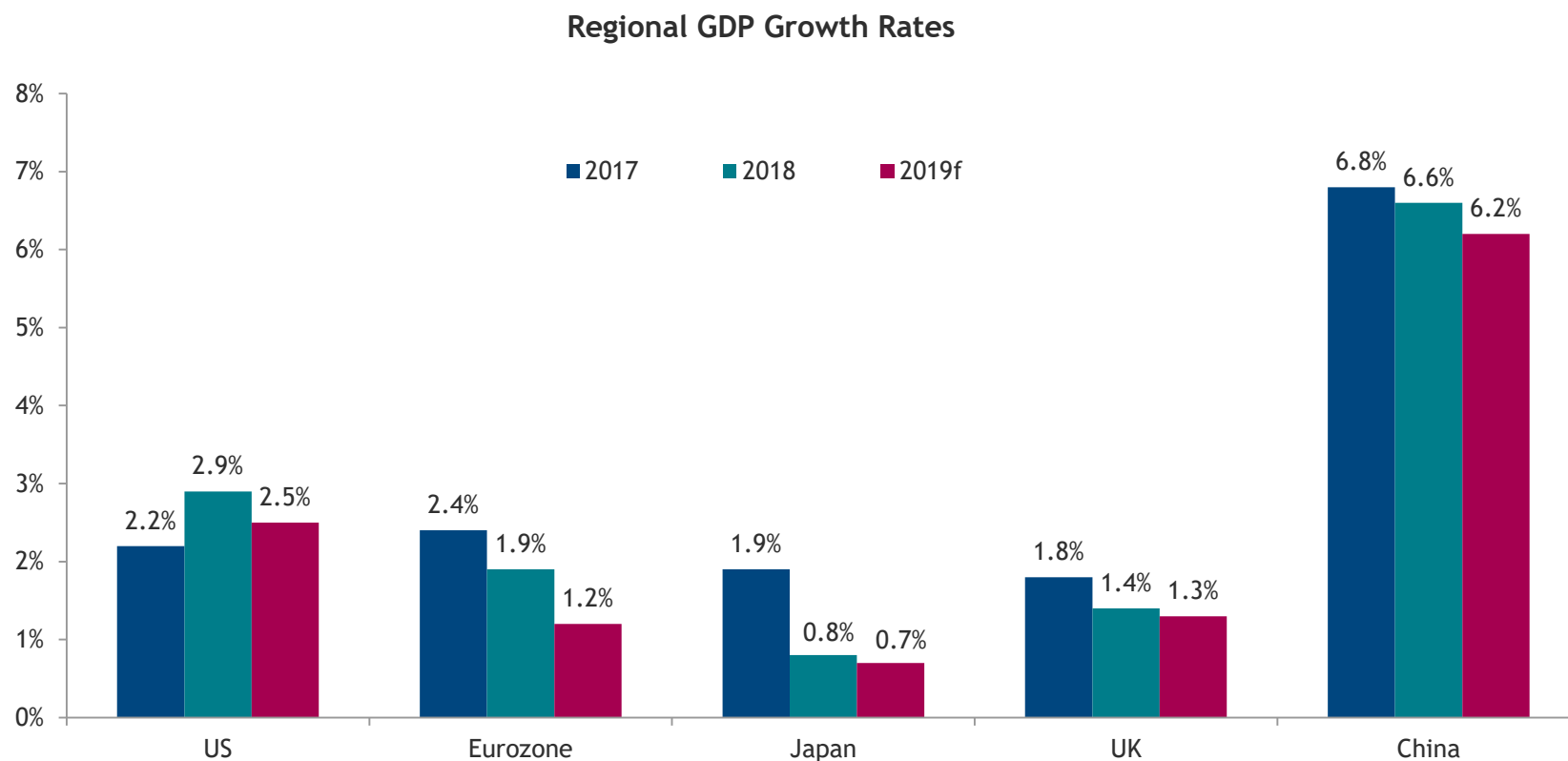
Data Source: SunTrust IAG, FactSet. Data as of 6/28/19

Past performance does not guarantee future results.

Return values based on indices by MSCI, S&P, FTSE Russell, Bloomberg, HFR, JP Morgan. Please see disclosure page for index definitions.

An investment cannot be directly made into an index.

Global Growth Moderating but Recession Risk Low



Data Source: SunTrust IAG, Bloomberg

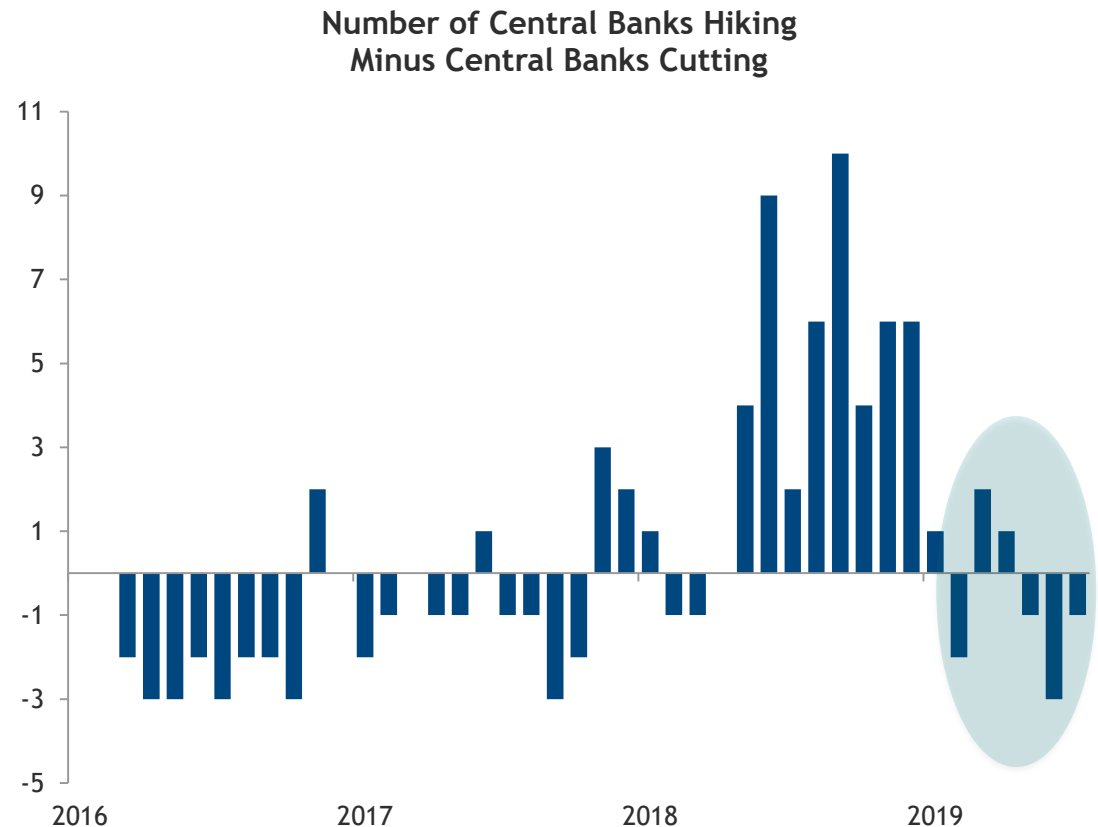
Bloomberg historical numbers and consensus forecast for 2019f; US is SunTrust IAG forecast.

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Central Banks Easing Again to Support Growth

Tighter central bank policies in 2018 contributed to the global economic slowdown witnessed in 2019. However, central banks are now back in easing mode which should, with a lag, help stabilize growth.

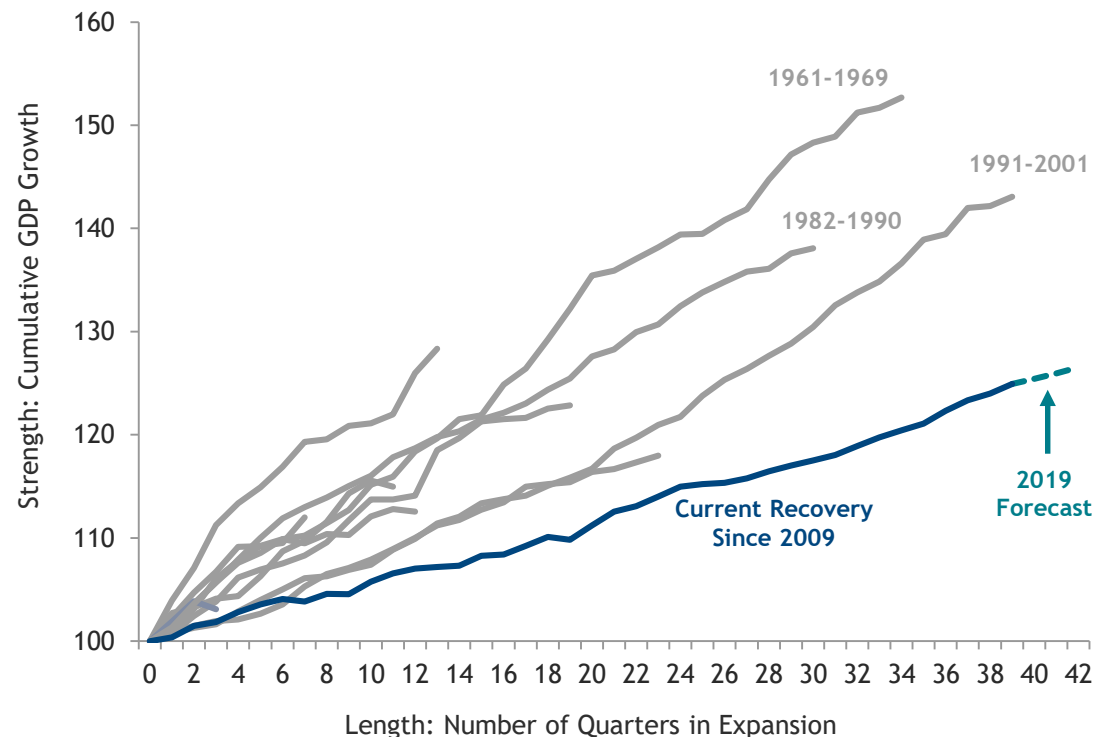


Stretching Out the US Economic Cycle

The US expansion is entering a record-setting 11th year. Yet, it is also the weakest in terms of the average growth rate.

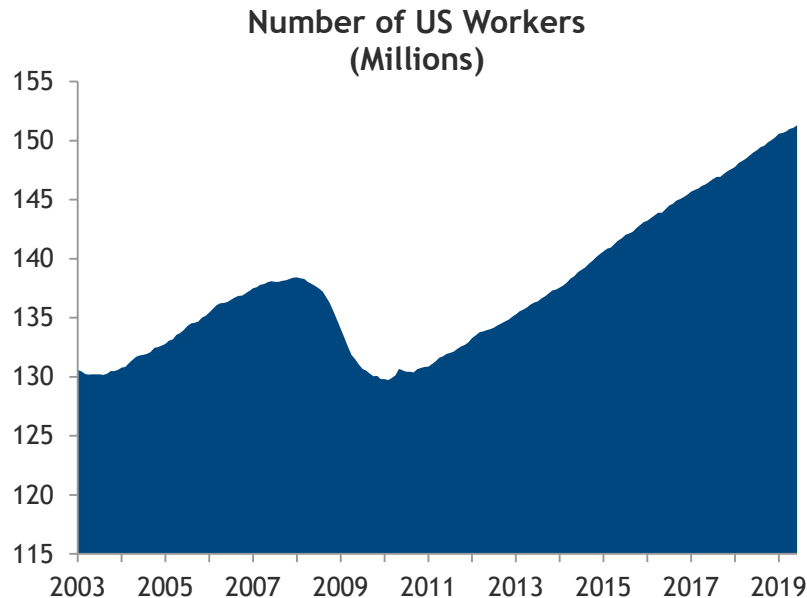
Thus, what we are lacking in strength, we are gaining in length. Importantly, we are not seeing the overheating and excesses that tend to precede recessions.

Historical US Economic Expansions by Strength & Length



Consumer Still Healthy: Record Number of US Workers Employed and Wages Rising

Consumer spending, which represents almost 70% of the US economy, should continue to be supported by a healthy labor market.

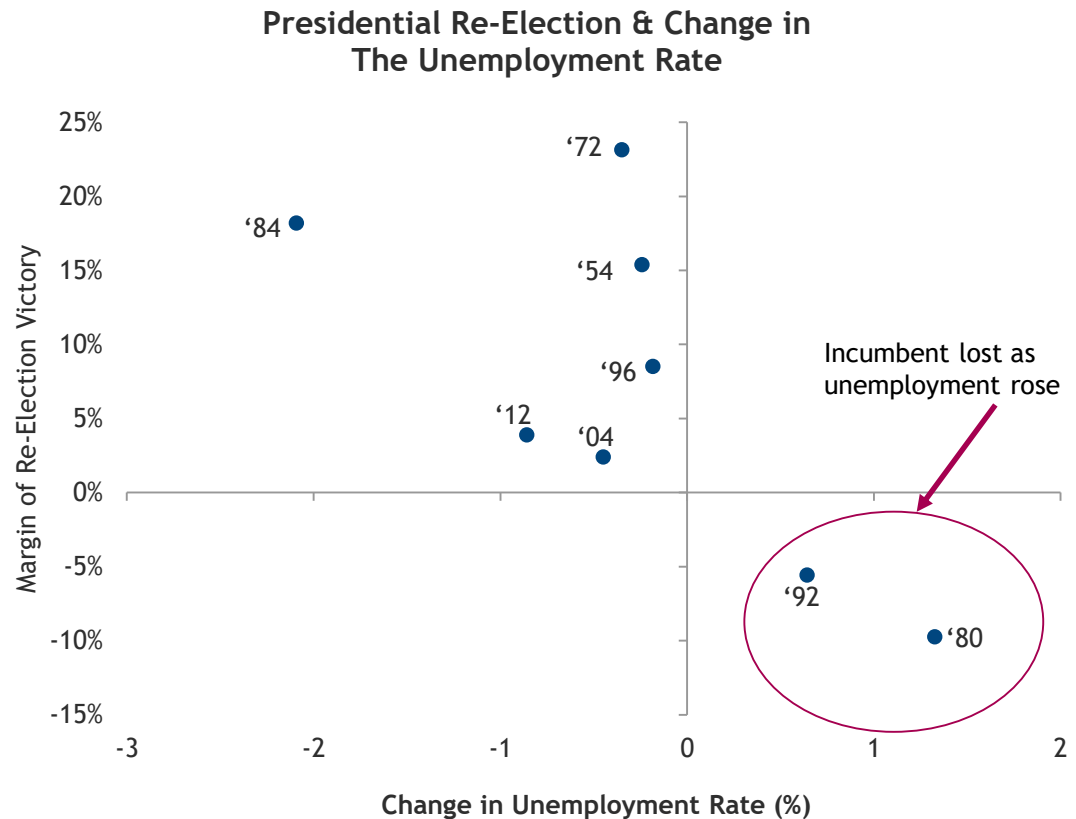


Data Source: SunTrust IAG, Bureau of Labor Statistics, Haver. Nonfarm payrolls (left chart), average hourly earning for production and supervisory workers (right chart).

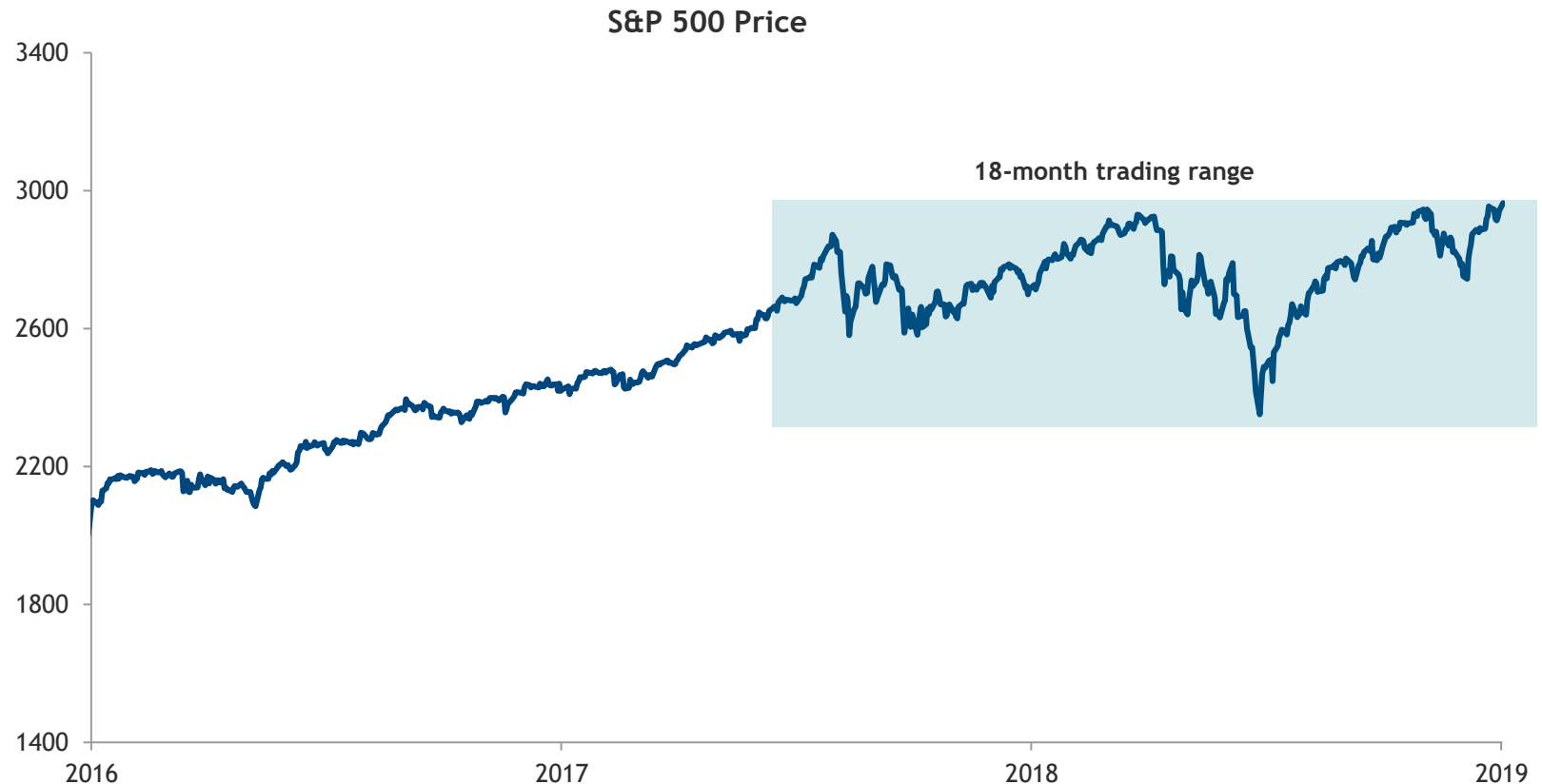
US Election Provides Incentive for Administration to Support Economy

Although it may be a drawn out process, we still believe there is an incentive for the White House to avoid having trade remain an overhang for the economy as we head into an election year.

The last two presidents who were not re-elected, Jimmy Carter and George H.W. Bush, had a rising unemployment rate in common during the election year.



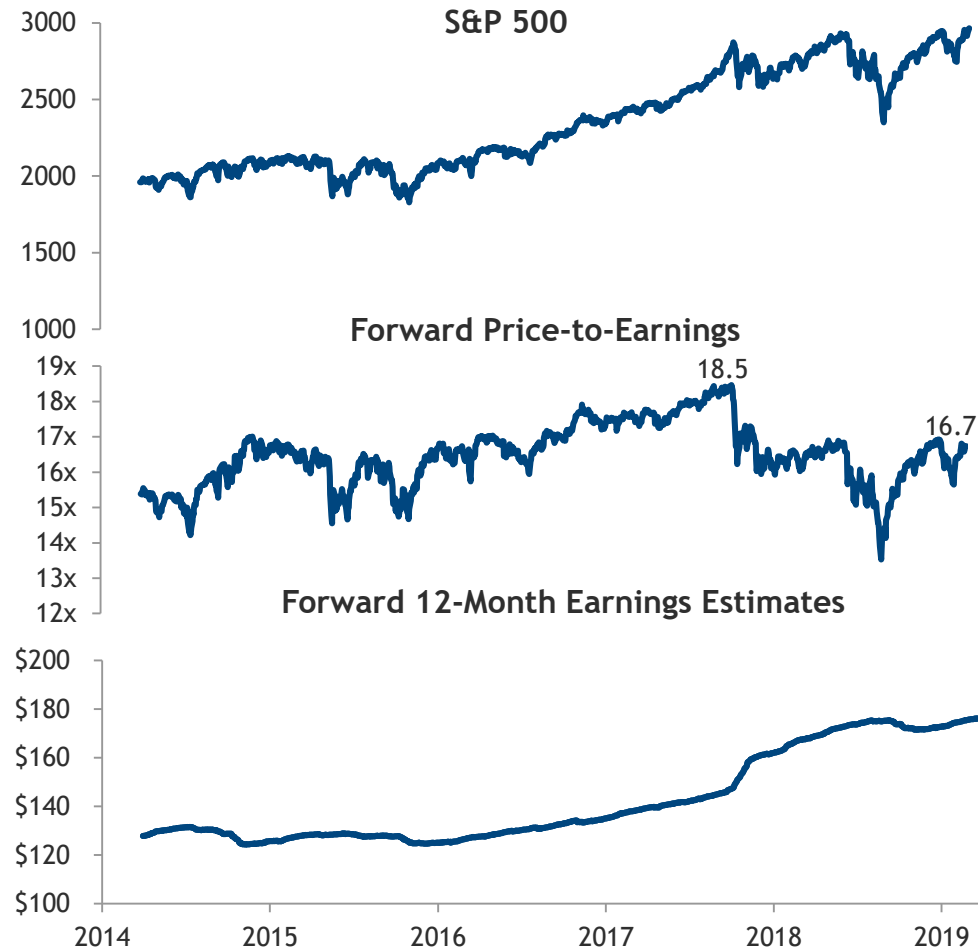
Bigger Picture: Despite Strong Gains This Year, Stocks Less Extended Longer Term



US Equity Valuations Rebounding but Still Well Below 2018 Peak

US stocks and valuations have rebounded along with the prospects of easier monetary policy.

Earnings estimates continue to push higher, but we expect they may soften modestly to account for tariff uncertainty and mixed global economic growth.



Rate Cuts Should Be Supportive for Equity Markets

The direction of the stock market following a rate cut has been highly dependent on whether the Fed is able to successfully engineer a soft landing or if the economy falls into recession. Our view is that recession risks remain relatively low over the next 12 months.

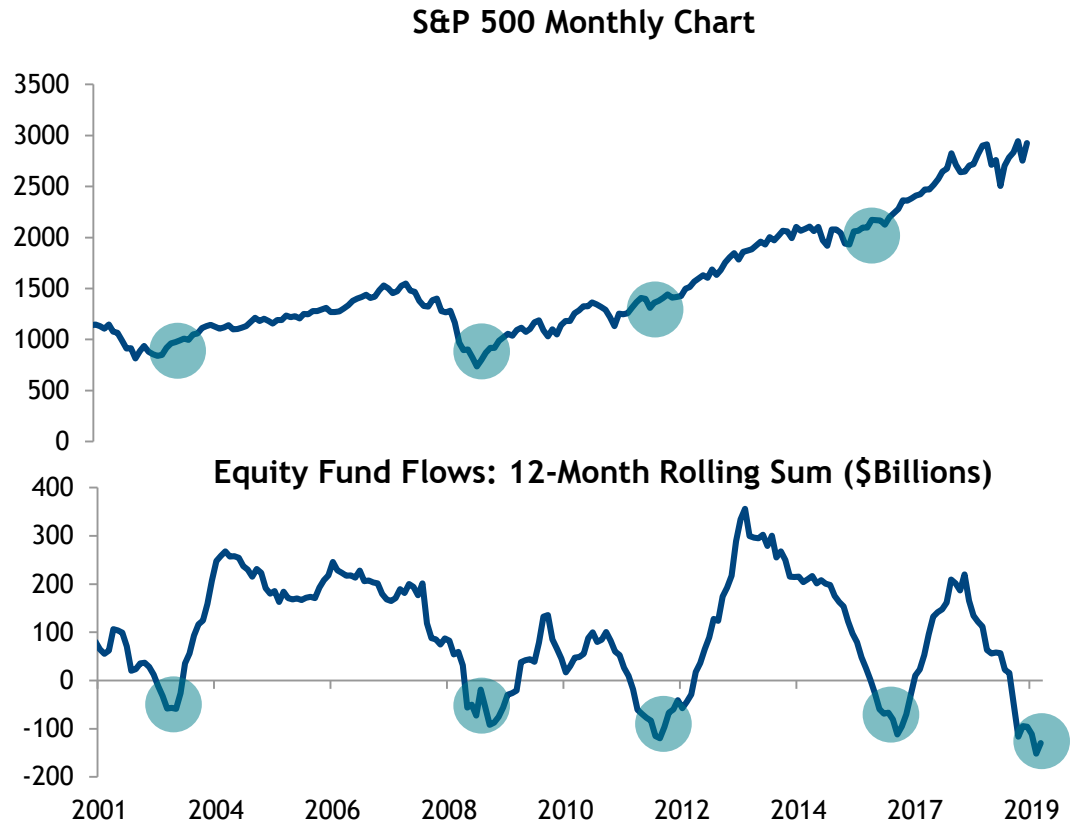
S&P 500 Performance Following Initial Fed Rate Cuts

Date	Recession Over Next 12-Months	2-Weeks Later	1-Month Later	3-Months Later	6-Months Later	12-Months Later
10/20/87	N	5.9%	3.7%	2.4%	8.1%	18.0%
06/06/89	N	-0.9%	-0.8%	8.7%	8.4%	13.1%
07/06/95	N	-0.1%	0.9%	5.0%	11.5%	21.4%
09/29/98	N	-5.2%	1.8%	18.4%	22.6%	20.9%
01/03/01	Y	0.0%	0.1%	-18.1%	-9.5%	-14.3%
09/18/07	Y	1.8%	1.4%	-4.9%	-14.6%	-23.9%

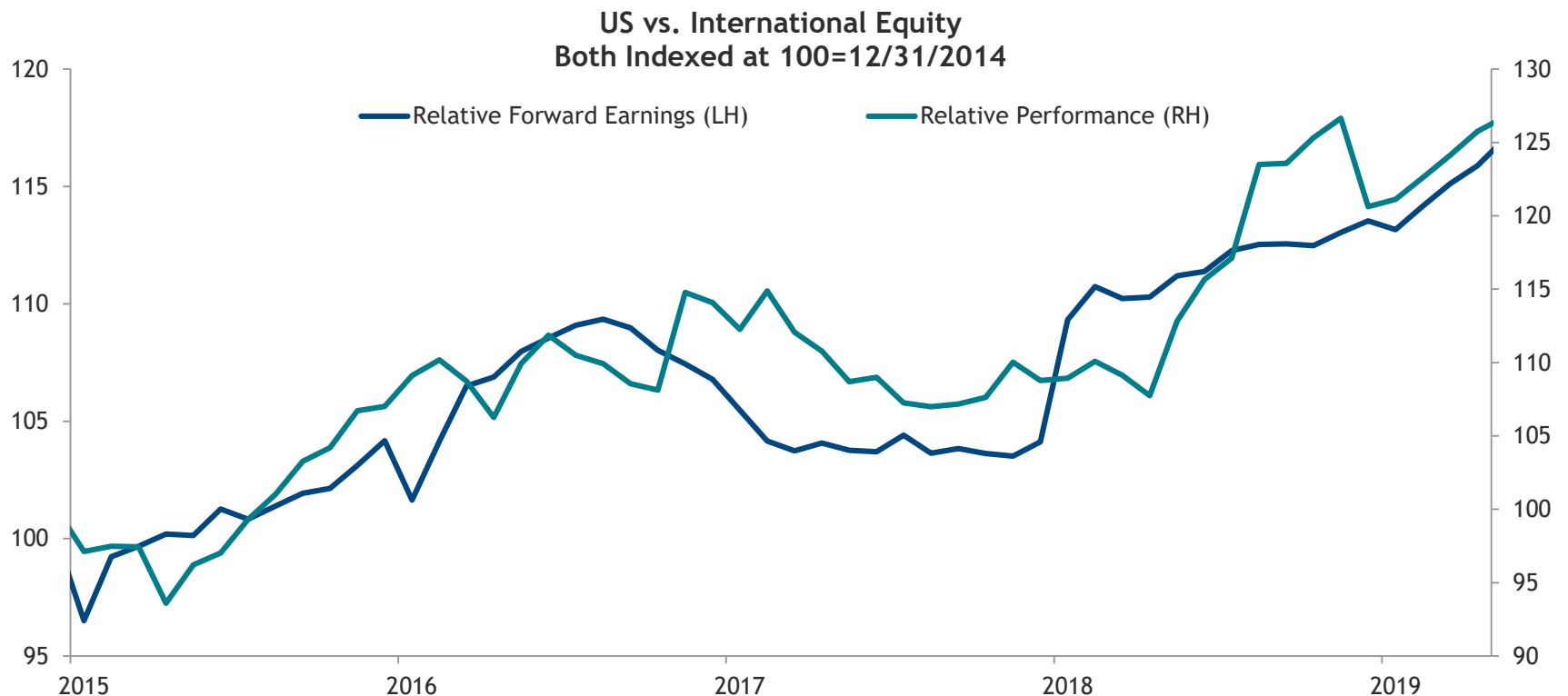
Investors Unusually Pessimistic, a Positive from a Contrarian Standpoint

We are not seeing signs of euphoria that is often associated with the end of a bull market.

In fact, we are seeing quite the opposite: over the past 12 months, we have seen the greatest amount of equity fund outflows in over 20 years. Previous large outflows occurred near market bottoms.



Maintain US Bias: Outperformance Supported by Stronger Earnings Trends Relative to International



Representative benchmarks: US=S&P 500; International Equity = MSCI AC World ex USA
Forward earnings are in local currency
Data Source: SunTrust IAG, FactSet, MSCI

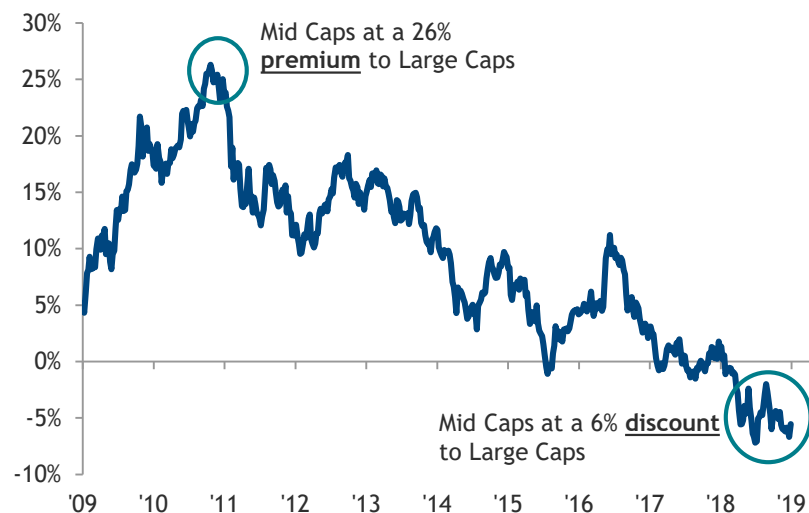
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US Mid Caps: Relative Value Opportunity

Mid caps are currently trading at a 6% discount to US large caps, near the lowest level in over ten years. Since 1999, when mid caps have traded in the first quintile (i.e., within a historically cheap discount range to large caps), they have generally outperformed large caps by the widest margin over the next 6-12 months.

US Mid Cap P/E Discount to Large Caps Near Lowest Level in a Decade



US Mid Cap Premium/Discount to Large Caps (by Quintile) and Average Relative Return

Monthly Data 1999-2018					
	Quintile Low	Quintile High	Average Prem/Disc	Relative Return 6 Mos Fwd	Relative Return 12 Mos Fwd
Quintile 1	-26%	-5%	-14%	8%	12%
Quintile 2	-4%	3%	0%	1%	4%
Quintile 3	3%	9%	6%	2%	3%
Quintile 4	9%	14%	12%	1%	1%
Quintile 5	14%	26%	17%	-1%	0%

Past performance does not guarantee future results.

US Mid Caps = S&P Mid Cap 400; US Large Caps = S&P 500

Data Source: SunTrust IAG, FactSet

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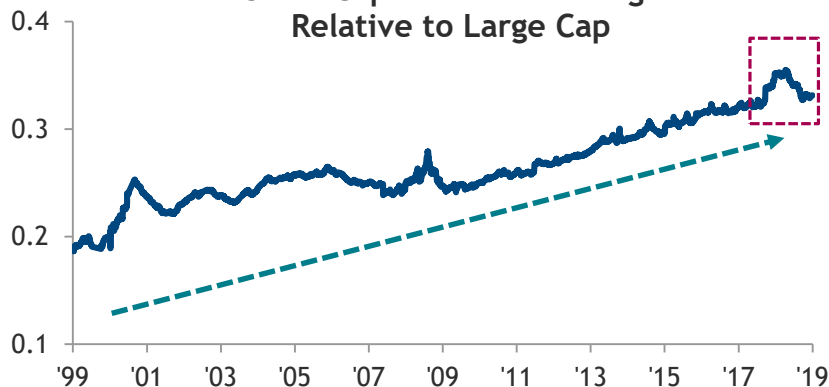
Small Caps Starting to Appear More Attractive

Small caps have underperformed alongside weaker earnings trends relative to large caps over the past year. However, profit trends are showing signs of stabilization, and the valuation discount to large caps is the greatest since 2003.

Small Cap Forward P/E
Relative to Large Cap



Small Cap Forward Earnings
Relative to Large Cap



Small Caps = S&P 600; US Large Caps = S&P 500

Data Source: SunTrust IAG, FactSet

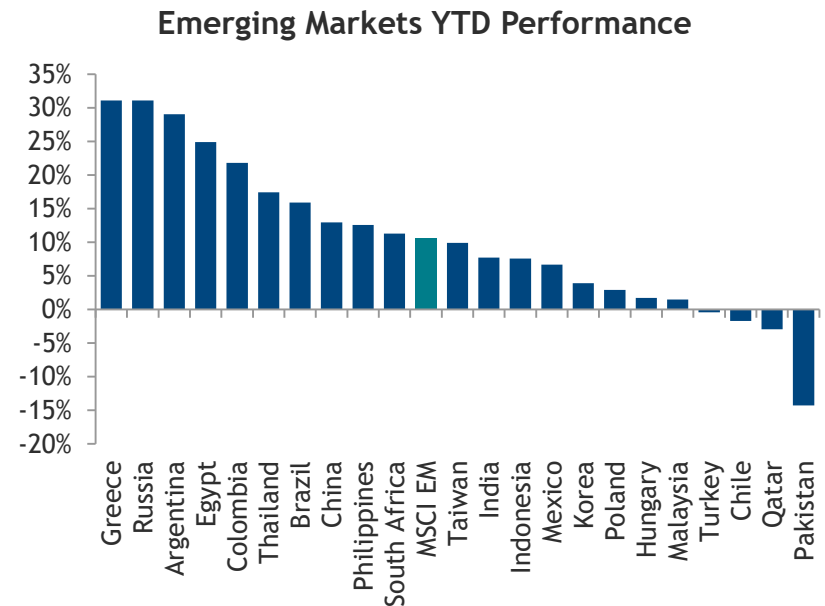
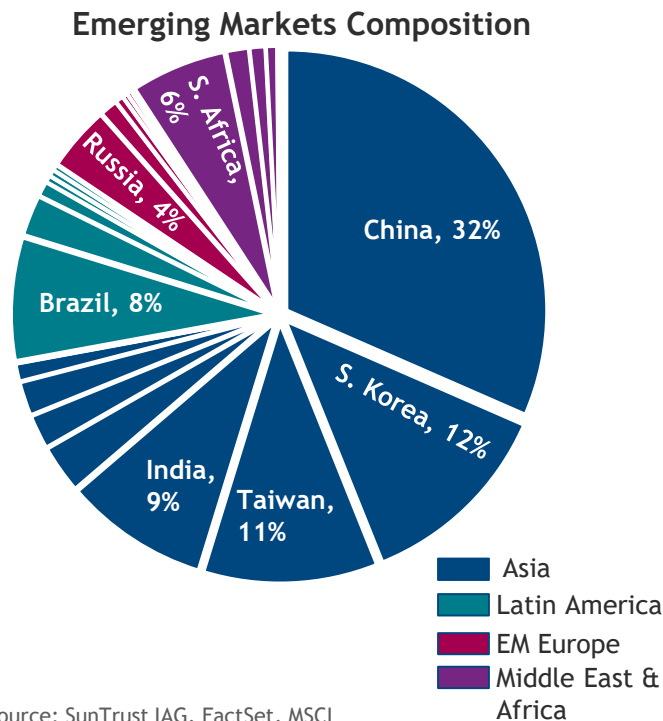
Investments in small-sized companies may involve greater risks than in those of larger, better known companies. Returns on investments in stocks of small companies could trail the returns on investments in stocks of larger companies.

Small Cap Forward Earnings
Relative to Large Cap (2 Years)



Active Management Increasingly Important in Emerging Markets

With China accounting for almost a third of the emerging markets index and a notable variation in country performance, we see greater value in active management in this asset class.



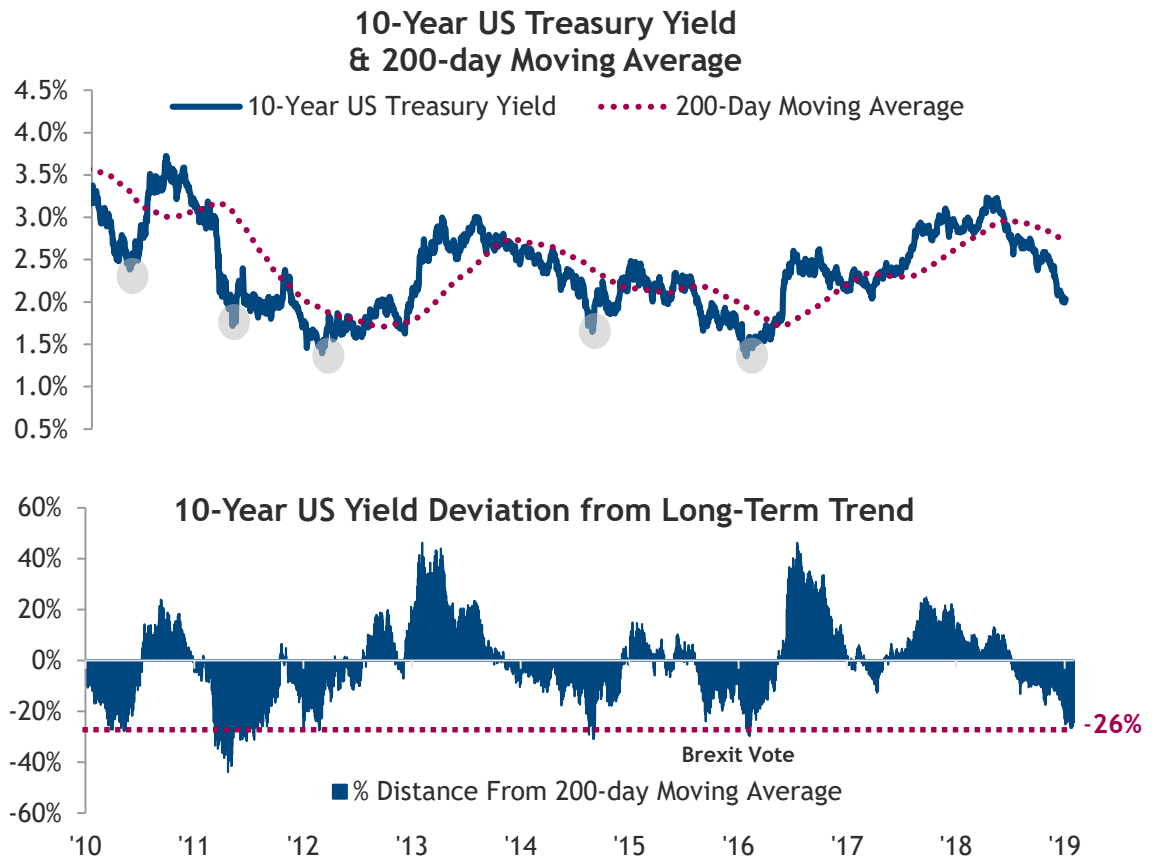
Data Source: SunTrust IAG, FactSet, MSCI

Emerging Markets: Investing in the securities of such companies and countries involves certain considerations not usually associated with investing in developed countries, including unstable political and economic conditions, adverse geopolitical developments, price volatility, lack of liquidity, and fluctuations in currency exchange rate

10-Year US Treasury Yield Most Extended to the Downside Since the 2016 Brexit Shock

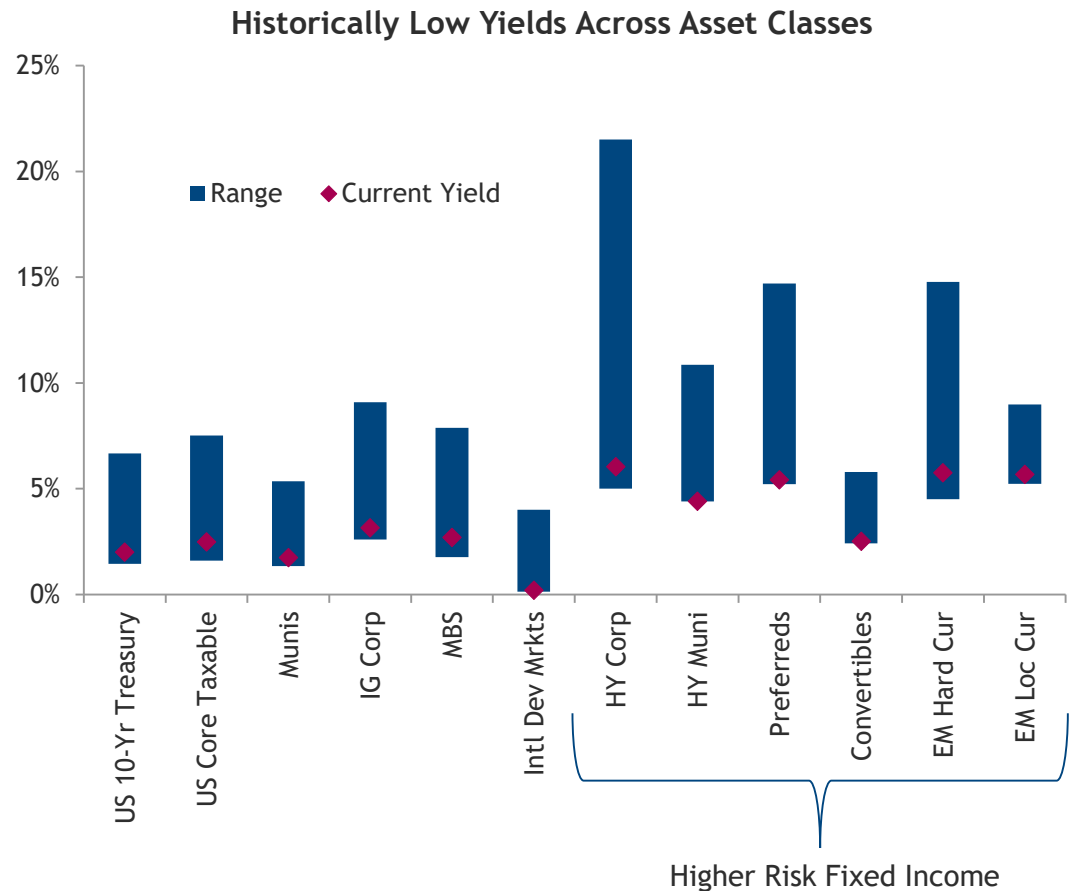
The 10-year US Treasury yield is 26% below its average yield over the past 200 days.

This is the most extended the yield has been to the downside since the Brexit shock. This suggests the risk of a snapback on unexpected positive news.



Maintain Bond Allocations at Low End of Policy Ranges

Yields are back toward the historical lows across fixed income. We are primarily focused on high quality bonds and see modest value in high yield corporate bonds.



Data Source: SunTrust IAG, FactSet; yield to worst except for convertibles and preferreds where current yield and yield to maturity is used, respectively. The dataset of 2000 through June 2019 is used except for EM local currency bonds where the data starts in December 2002.

US Core Taxable = Bloomberg Barclays US Bond Aggregate; Munis = Bloomberg Barclays Municipal Bond Blend 1-15 Year; IG Corp = Bloomberg Barclays US Corporate Bond - IG; MBS = Bloomberg Barclays US MBS; Intl Dev Mkts Hedged = ICE BofAML Global Govt x the US Hedged; HY Corp = ICE BofAML US High Yield; HY Muni = Bloomberg Barclays Municipal Bond High Yield; Preferreds = ICE BofAML Fixed Rate Preferred; Convertibles = ICE BofAML US Convertible Index; EM Hard Currency = JPM EMBI Global; EM Local Currency = JPM GBI-EM Global Diversified.

Appendix

Important Disclosures

SunTrust Foundations and Endowments Specialty Practice

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RFP #715-10686
Exhibit A

**INVESTMENT POLICY
MUNICIPAL CEMETERY SYSTEM
PERPETUAL CARE TRUST FUND
REVISION EFFECTIVE - APRIL 2004**



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Investment Policy

City of Fort Lauderdale Cemetery Trust Fund Funds

I. SCOPE

The City Cemetery System Rules and Regulations (Regulations) established a Perpetual Care Trust to provide for the on-going care of all plots, crypts, niches, markers and memorials sold and installed in the Cemetery System. The same Regulations designate the Cemetery System Board of Trustees (Board) as trustor of the Perpetual Care Trust Fund (Trust Fund).

The Board has adopted these guidelines for the investment of the Trust Fund to be administered in accordance with applicable Florida State Statutes and City Ordinances. To that end, this policy is intended to set forth the procedures, investment objectives and parameters for the management of the Trust Fund in a manner designed to fulfill the requirements of the Board's fiduciary responsibilities.

In accordance with the Regulations, a trustee to manage the Trust Fund (Managing Trustee) has been recommended to and approved by the City Commission. The Managing Trustee is, and future Managing Trustees must be, a bank or other investment counselor licensed by the state to handle the investment of fiduciary funds.

II. INVESTMENT OBJECTIVES

Balanced Objective

The foremost objective of this investment program is the safety and preservation of the corpus of the fund. Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve the corpus of the fund, understanding that losses may occur in individual securities and in any one particular year. The definition of Balanced objective is as follows: This Balanced approach is designed to offer the potential for capital appreciation and current income through a 40% to 60% allocation to equities (long term target of 50%) and 40% to 60% allocation to fixed-income securities (long term target 50%).

Maintenance of Liquidity

The Cemetery System operates under a multiyear contractual agreement that provides for the Cemetery Contractor (Contractor) to be reimbursed out of the Trust Fund for allowable expenses as set forth in that contract. The Board determines eligible Contractor re-imbursement payments on a quarterly basis. Since reimbursements are limited to the dividend and interest income of the Trust Fund net of **50%** of the investment expenses (fees), the Managing Trustee is able to determine the maximum liquidity position required to meet the quarterly contractual

reimbursement requirements. It is the responsibility of the City to provide the Managing Trustee with any extraordinary disbursement projections in sufficient time to meet liquidity needs. The portfolios shall be managed by the Managing Trustee with the understanding that funds are to be available to meet reasonably anticipated cash flow requirements in an orderly manner.

The Regulations explicitly mandate that only the income generated by the Trust Fund can be expended. Deposits into the Trust Fund from Cemetery System sales make up the Corpus of the Trust Fund and no part of the Corpus can be expended. Accumulated earnings for all years, which include gains and losses, are not considered to be part of the corpus and may be used for expenditures as described in Section 10-47 of the Code of Ordinances of the City of Fort Lauderdale, provided that such expenditures have been approved by the Board and City Commission, as necessary.

Investment Income

Through a diversification of investments across various asset classes detailed in Section VIII, the investment income goals are two fold:

- 1) Capital Appreciation of the Trust Fund which is essential to meeting future financial responsibilities
- 2) Maximizing dividend and interest income, which is primarily used to reimburse the contractor (see Maintenance of Liquidity above), in order to maintain the cemeteries in top condition and promote a sound business relationship with the contractor

III. PERFORMANCE MEASUREMENTS

- A. The Measures of Investment Performance of investment returns on the various asset categories are as follows:
 1. The Trust Funds' fixed income portfolio will be compared to the weighted average return of the Lehman Aggregate Bond Index.
 2. The Trust Funds' domestic equity portfolio will be compared to the weighted average return of the Standard and Poor's 500 Index.
 3. Except for emerging markets, the Trust Funds' international portfolio will be compared to the weighted average return of the Morgan Stanley Europe, Australia, & Far East (EAFE) Index.
 4. The Trust Funds' emerging markets portfolio will be compared to the weighted average return of the MSCI Index for Emerging Markets.
- B. On a quarterly basis, the Board shall evaluate the current and historical performance of the Trust Fund to determine:

1. If the Managing Trustee has performed according to these Policy guidelines; and
2. How the Managing Trustee has performed in relation to the Measures of Investment Performance for their asset class.

IV. PRUDENCE AND ETHICAL STANDARDS: Pursuant to Florida Probate Statute 518.11

- A. The Board will adhere to the standard of a Prudent Investor within the context of the overall management of the Trust Fund investment program.
- B. Any person or firm, such as the Managing Trustee, retained concerning the investment, monitoring, or advisement of Trust Fund assets will be held to the highest standard of Prudent Investor. Such person or firm will exercise the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

V. AUTHORIZED INVESTMENTS

- A. Trust Fund placed with the Managing Trustee is to be invested only in those authorized classes of investment as contained in this Policy. Investments should be made subject to Trust Fund cash flow needs and such cash flows are subject to revision due to changes in Trust Fund needs and market conditions.
- B. The authorized classes of investments for the Trust Fund are as follows:
 1. Bonds, securities, and certificates of indebtedness of the United States government;
 2. Obligations guaranteed as to principal and interest by the United States government;
 3. Obligations guaranteed as to principal and interest by government sponsored agencies of the United States government;
 4. The Florida Local Government Surplus Funds Trust Fund (SBA);
 5. Commercial Paper rated A-1 or P-1 by a nationally recognized rating service. If the Commercial Paper is backed by a Letter of Credit (LOC), the long term debt of the LOC provider must be rated A or better by at least two nationally recognized rating services;

6. Bankers Acceptances of United States banks or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, rated A-1 or P-1 by a nationally recognized rating service;
7. Corporate bonds or notes (other than high yield bond funds authorized in 14 below), registered or unregistered under Rule 144A, issued by firms organized and operating within the United States or by depository institutions licensed by the United States rated A or better by a nationally recognized rating service at the time of purchase. (Rule 144A bonds or notes must include rights of registration. Any bond or note that falls below investment quality must be eliminated expeditiously unless the Board is notified for the reason or rational to be held);
8. General Obligation and/or Revenue Bonds of state or local government taxable or tax-exempt debt rated A or higher, for long term debt, by a nationally recognized rating service or rated at least MIG-2 or SP-2, for short term debt, by a nationally recognized rating service;
9. Intergovernmental investment pools authorized pursuant to the Florida Inter-local Cooperation Act, provided in Section 163.01, Florida Statutes.
10. Common and preferred stocks from domestic and foreign corporations;
11. Mutual Funds and co-mingled Common Trust Funds, provided the underlying investments meet the minimum quality standards of trust investments;
12. Repurchase agreements composed of only those investments authorized in numbers 1, 2, and 3 (above) (All firms are required to sign the Trust Funds' Master Repurchase Agreement prior to the execution of a repurchase agreement transaction); and
13. Real estate and real estate securities as deemed proper investments by the Board; and
14. High Yield Bond Mutual Funds not to exceed 5% of the total portfolio value of the Trust Fund.

VI. MATURITY AND LIQUIDATION REQUIREMENTS

- A. The maximum maturity of Trust Fund investments will be as follows:
 1. For certificates of deposit, 1 year or less from the date of purchase.

2. For commercial paper, 180 days or less from the date of purchase.
 3. For banker's acceptances, 180 days or less from the date of purchase.
 4. For money market funds, 120 days or less from the date of purchase.
 5. For repurchase agreements, 90 days or less from the date of purchase.
- B. To the extent possible, every attempt should be made to match investment maturities with known cash needs and anticipated cash-flow requirements.

VII. PORTFOLIO COMPOSITION

- A. The Managing Trustee will adhere to the following specific guidelines for the investment of Trust Fund assets:
1. A maximum of 60% of the Trust Fund is to be invested in equity securities (International investments will not exceed 10% of the value of the equity portion within a Trust Fund); the long term targeted range is 50%.
 2. A minimum of 40% of the Trust Fund is to be invested in fixed income securities; the long term targeted range is 50%, and
 3. A maximum of 25% and a minimum of 0% of the Trust Fund are to be invested in cash equivalents.
 4. A maximum of 5% of the Trust Fund may be invested in High Yield Bond Mutual Funds.
- B. The Board will consider changes to the investment category ranges based on changes in contractual obligations of the Cemetery System, market environment or other conditions making such consideration appropriate toward administering this investment policy.

VIII. RISK AND DIVERSIFICATION

- A. The Board has adopted a strategy, described in Sections V, VI and VII, whereby the Trust Fund portfolio will be diversified to the extent practicable to control the risk of loss which might result from an over-concentration of investments in a specific security, maturity, issuer, dealer, or bank through which financial instruments are bought or sold.
- B. In a further effort to control the risk of loss and assure adequate diversification, the following limitations are imposed upon the investment of Trust Funds:

1. A maximum of 5% investment in the outstanding common stock of any one company or organization;
2. A maximum of 5% investment in the outstanding debt issuance of any one company or organization except for U.S. Government Securities or Agencies; and
3. In International equities, a maximum of 20% of the total international portfolio investment in any foreign country.
4. A maximum of 25% investment in any one mutual fund.

IX. THIRD-PARTY CUSTODIAL AGREEMENTS

All securities will be held with the Custodial Bank (Bank) under a contractual agreement with the Board. All securities purchased by and all collateral obtained by the Investment Manager or the Board is designated as assets of the Trust Fund. No withdrawal of securities, or transfer of funds, in whole or in part, can be made from safekeeping except by authorization of the Board. Securities transactions between a broker-dealer and the Bank involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the Bank will have the security or money, as appropriate, in hand at the conclusion of the transaction.

X. MASTER REPURCHASE AGREEMENT

All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

XI. BID REQUIREMENTS

The Managing Trustee shall obtain competitive bids and offers on investment transactions to the fullest extent possible.

XII. INTERNAL CONTROLS

- A. The Director of Finance shall establish a system of internal controls and written operational procedures to be a part of the operational procedures of the Trust Fund. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation, by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and "delivery vs. payment"

procedures. No person may engage in an investment transaction except as authorized under the terms of this policy.

- B. Independent auditors, as a normal part of their annual financial audits, may conduct a review of the system of internal controls to ensure compliance with policies and procedures.

XIII. CONTINUING EDUCATION

Any designated City officials responsible for making investment decisions related to this policy have the responsibility for completing 8 hours of continuing education annually in subjects or courses related to investment practices and products.

XIV. REPORTING

The Managing Trustee shall provide periodic reports, which are to include securities in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be made available for submission to the City Commission, the Board and shall be available to the public.

APPROVED AND ADOPTED BY THE CITY OF FORT LAUDERDALE CEMETERY SYSTEM BOARD OF TRUSTEES ON March 18, 2004. APPROVED BY THE CITY OF FORT LAUDERDALE COMMISSION ON APRIL 20, 2004.

Michael Ruddy (Chair)
JAN 10-2013
Michael Ruddy, Chair