



CITY OF FORT LAUDERDALE

APPROVAL
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, FEBRUARY 18, 2021 – 3:30 P.M.

Members	Attendance	Cumulative Attendance	
		03/2020 through 02/2021	
		Present	Absent
Richard Kurtz, Vice Chair	P	4	2
Dr. Pamela Beasley-Pittman	P	6	0
Avis Boyd-Gaines	A	0	1
Benjamin Dowers	P	2	0
Paul Gitnik	A	4	2
Chelsea Krebs	P	4	1
John Lilli	P	3	3
Fred Nesbitt	P	5	1
Michael Watson	P	6	0
Patricia Zeiler	P	5	1

City Staff

Stacy Spates, Cemetery Administrator
Lucretia Penrow, Parks and Recreation
Diana McDowell, Parks and Recreation
D'Wayne Spence, Assistant City Attorney
Trevor Jackson, Parks and Recreation
Carl Williams, Parks and Recreation
Luisa Agathon, City Manager's Office
Susan Grant, Director of Finance
Jamie Opperlee, Recording Secretary, Prototype, Inc.

Guests

Mark Hall, Truist (SunTrust)
Kim Krause, Truist (SunTrust)
Ken Krasnow, Collier's Real Estate
Bastian Laggebauer, Collier's Real Estate
Dennis Ulmer, previous Board member and Chair

1. CALL TO ORDER

Vice Chair Kurtz called the special meeting to order at 3:31 p.m.

A. Roll Call

Roll was called and it was determined a quorum was present.

Vice Chair Kurtz indicated that Mr. Ulmer requested a chance to speak.

Mr. Ulmer was a former Board member and Chair of the Cemetery System Board of Trustees. The #1 priority for the six years he was on the Cemetery Board was the emphasis on protecting the Perpetual Care Fund. In his opinion, too much was being spent out of it. Mr. Hall, formerly of Sun Trust and now Truist, cautioned us in the past of the amount of money that was coming out of the Trust Fund. The Trust Fund, as they learned in their financial training, would not grow as much in the current financial climate of one political party in control of the government. This was taught to us in the training because history shows that investors do not like this type of government in the investment climate, so we will probably not make the kind of interest we made in the past. The proposed mausoleums will have the City make approximately \$8 million with the return to the Trust Fund of \$2 million. He also wanted to point out that the proposal does not cover permit fees; the City does not waive permit fees even for City projects, so you are going to have to pay that. A land acquisition will require; he did not know how that was going to be funded, but it was going to require future Capital Improvements such as fencing and things like that and it was also going to be required; because he is sure that land is zoned Commercial or Heavy Industrial. It is going to have to be rezoned and a possible Land Use Amendment to their Comprehensive Plan, so that could be an expense you would have to pay. It is your primary responsibility to manage the Trust Fund of the Perpetual Care of the Cemetery System. You must find ways to share the profits with the City and the City should not be totally dependent on the Perpetual Care Fund for its operation and Capital Improvements. Again, such a financial picture will continue to shrink the Trust Fund.

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

2. OLD/BUSINESS

A. Cemetery Master Plan Projects Financing Strategy (Capital Improvement Projects)

Ms. Spates advised that all the proposed projects from the Cemetery Master Plan and some of the proposed recommendations were placed on one spreadsheet. The first one is the Cemetery Software Management System. The five-year contract was awarded to the vendor and is in the process of the discovery phase. This is broken up by short-term projects, intermediate, long-term, and staff would like the Board to consider some future projects. Project costs have been provided and most are projections except for the Cemetery Software System. Some numbers for the mausoleum will be discussed later.

B. Community Mausoleums

Ms. Spates indicated that she and Susan Grant, the Director of Finance, have had conversations with Truist regarding Unrealized Gains. This information has been confirmed with Truist and live numbers were provided of the Corpus versus Unrealized Gains, etc.

Vice Chair Kurtz stated that the numbers could be shown at this time.

Ms. Grant provided a brief presentation on the Perpetual Care Trust Fund. As of September 30, 2020, \$30 million was the Market Value of the Trust and there was a deduction of Corpus of about \$17 million. There was an audit finding in 2016 from the Commission Auditor's office regarding an inconsistency between what is included in the City's Code of Ordinances and what is included in the Investment Policy, Master Trust Agreement, and the Rules of the Cemetery. When previously talking about making changes in the Code of Ordinances, the Corpus was included, or the 19% was included as income, but there was no definition of Corpus in the City's Code of Ordinances. This is using everything the Board has been using over time and has been deposited into the Trust Fund. A discussion with Sun Trust included the need to include that definition in the Code of Ordinances because it is not consistent with what has been happening in practice. In response to a member who mentioned Capital Gains available, research was conducted in the State Statute and a Realized Capital Gain is available. An example of an Unrealized Capital Gain was provided. When looking at that, Funds would be available and did not include the annual income from the Trust Fund, and it would be shy of \$10 million. She superimposed the long-term plan Ms. Spates showed in the Master Plan projects and the last two lines include the longer-term land purchase. This is meant for information for discussion and is something that could be provided quarterly.

Ms. Zeiler commented that the quarterly monthly maintenance fee being pulled from the Trust Fund was not included.

Ms. Grant stated that was correct, those are Master Capital projects and none of the generated income is included on an annual basis. Projections could be done if it would be helpful.

Ms. Zeiler indicated that the Board knows they are getting towards an average monthly expense, but it must be figured if Capital Expenses are going to be pulled from available Funds. She noted that a balance must be kept to support monthly maintenance charges.

Ms. Grant stated projections could be provided for that as well.

Ms. Zeiler reiterated that the \$10 million and change did not include monthly maintenance they have to support; she was getting to a more average cost aside from those big expenses at the beginning. Knowing there is \$10 million and only \$9.8 million is available with a monthly draw for the month-to-month operational cost must be taken into consideration prior to drawing any significant amount down.

Mr. Nesbitt agreed, and noted when looking at the long-term and future projects, which are mostly land acquisition and way down the road. He thought they were talking more about \$5 million of the \$9 million between the short-term and intermediate term projects. He was trying to see if the Board could borrow the money and pay it back because they would continue to receive money on the Perpetual Care Fund, and the monthly income that supports the Operating budget. The excess money from the mausoleum would go into the Operating Account and 19% would go into the Perpetual Care Fund, but the extra would pay off the mausoleum and the surplus would go into the Operating Account.

Ms. Grant advised that she would make refinements and bring the information to the next meeting.

Ms. Zeiler mentioned new construction at Lauderdale Memorial Park and Sunset Memorial Gardens Cemetery Mausoleum's and compared it to cost extensive Capital expense and outlay. She noted they would make back the cost of the mausoleum.

Mr. Nesbitt stated if the cost of Lauderdale Memorial Park were \$1.5 million, it would generate about \$9.8 million, and about \$1.8 million would be subtracted from the Perpetual Care Fund, so the Operating surplus would be about \$6.4 million, which would go into the Operating Budget, or if money were borrowed, it could be used for the interest portion and the cost to build would be the principal portion.

Ms. Zeiler clarified that 19% of the \$9.8 million would go to the Perpetual Care Fund. She stated the \$6.4 million in Operations would support the month-to-month operations of the cemetery rather than going into the City's General Fund.

Ms. Spates questioned if everyone knew where they were since they were jumping into the Projected Analysis that was conducted for the Projected Revenue versus Projected Costs. She moved ahead from Ms. Grant's slide to the mausoleum.

Mr. Nesbitt wanted to be clear that the excess money from the revenues minus the cost of the mausoleum, minus the 19% from the Perpetual Care Fund, would leave a remaining balance that would go into the Operating Fund.

Ms. Grant replied, "Absolutely, because there are costs".

Mr. Nesbitt mentioned \$2.5 million for the mausoleums and questioned if it would cost more to borrow the money or more to take the money out of Perpetual Care Funds. It would be operational money, but he assumed once the mausoleum was finished that sales would be vigorous in terms of money coming in.

Ms. Spates commented that is what is anticipated.

Mr. Nesbitt mentioned the same thing on Sunset Memorial Gardens; it would cost about \$700,000 to build, about \$2.7 in Revenues, and \$522,000 going into the Perpetual Care Fund, so there would be a surplus of about \$1.9 million going into the Operating Fund. When adding the two together, the Mausoleum Fund, once the mausoleums are completely sold, could have an additional approximately \$8 million into the Operating Fund. Expenses on mausoleums would be equal to grave sites and there would be much less costs involved in maintaining a mausoleum than grounds, etc.

Ms. Zeiler expressed concern about the Perpetual Trust Fund itself. At some point past her term, they will begin to go into the Principal for day-to-day operations.

Mr. Nesbitt thought building the mausoleum was necessary and it is good for the Cemetery System because it would generate additional revenues for the Operating Fund and the Perpetual Care Fund, and they would be serving the citizens of Fort Lauderdale. He questioned if the City would let them do anything other than taking dollars out of the Perpetual Care Fund.

Ms. Grant did not know if borrowing was the right way to go; she thought it was a little premature. The last discussion was about the land, which is three to five years out. A lot of that is the function of what the market looks like at the time, specifically, with mausoleums, which is only \$5 million or some small portion of that. She will do projections regarding income versus monthly expenses.

Mr. Nesbitt stated they are probably looking at under \$3 million for the mausoleums. He suggested taking land off the table for now because they are two different types of purchases.

C. Real Property Acquisition

Ms. Spates advised that representatives from Collier's Real Estate were present to go over their process and direction. Currently, there is no pending property the City is looking to purchase, but who knows what may come up in the future.

Ms. Zeiler commented that the City is on the lookout for expansion opportunities that would allow expansion of the cemeteries. She noted that at some point, there would be no more land to build mausoleums on to generate income.

Mr. Krasnow indicated they are aggressively monitoring activity in and around the sites, so they are prepared if something becomes available. The market is strong, and land is much sought after all over the City. They need to be vigilant and methodical in the way they are constantly updating their values and what they are looking for. He stated they were not approaching this as a long-term project but looking at it as if something became available today, they would be ready to act because of such a scarcity of land.

Ms. Spates agreed and stated things are going quickly. Evergreen is totally sold out and the only other option is to convert pedestrian roadways to extend the shelf life. Sunset is a major concern; they may have viable options in terms of land space if they are able to get irrigation underway, maybe by narrowing roads to fit some spaces, but that would only go so far. In her opinion, they need to stay engaged and vigilant because at some point there will not be anything to deposit into so there is growth to the Perpetual Care Fund. If property is purchased long-term, it would take time to be developed.

Vice Chair Kurtz questioned who they would go to for a projection of how many graves could be created by moving in that direction.

Ms. Spates advised they have a surveyor who would come out and tell them how many grave spaces would be gained so it is properly pinned and surveyed.

Mr. Jackson indicated that a survey company would have to look at that scope of work to see if it is feasible to take out half of the road at Sunset.

Vice Chair Kurtz questioned if that were something the Board would like to consider.

Mr. Jackson stated they are still working on the irrigation and narrowing the road would tie into that.

In response to Mr. Nesbitt, Mr. Jackson advised he would check to see if the Master Plan gave an estimate of how many graves they would get.

Ms. Spates indicated that they expected to have irrigation underway at Sunset, but then they must go back to the drawing board because the last contract was cancelled, and they are in the process of re-bidding those services. Irrigation was another priority because there have been several complaints since many areas are irrigated and other areas are not irrigated. They want to make sure that is a sustainable irrigation system. Once that goes on the road, they would have a better idea of grave spaces that could be monopolized.

Mr. Jackson stated they took the irrigation from the easements and put them on the road to create extra grave spaces. As far as narrowing the roads, he did not think that

would work because the irrigation is going to go up under the road and if there was a water break, they would have to dig up the road to get to the break. They already looked at trying to get extra spaces by putting the irrigation under the road and the only extension was at Evergreen because they are almost out of space; roads will be removed soon.

Vice Chair Kurtz commented that by placing the irrigation system under the road is going to automatically create some issues.

Mr. Jackson replied, "That was correct", but it should buy them some time to find out if additional land would be acquired in the future.

Ms. Spates mentioned that these are community mausoleums, and she needs the Board's commitment to fund the mausoleums at Sunset and Lauderdale Memorial Parks.

Motion by Ms. Zeiler, seconded by Mr. Nesbitt, to approve funding of the mausoleums at Sunset and Lauderdale Memorial. In a roll call vote, the motion passed unanimously (7-0). Mr. Lilli was absent for the vote.

Ayes: Nesbitt, Dr. Beasley-Pittman, Krebs, Watson, Dowers, Zeiler, Kurtz
Nays: None

Ms. Zeiler questioned if a commitment should be sent to the City Commission for expansion at both Sunset and Lauderdale Memorial with additional mausoleums to supply all the additional spaces.

Ms. Spates advised that a communication does not need to be made because the Cemetery Master Plan presentation to the Commission was done two years ago, and she recalled, the Mayor had the consensus of the Commission to move forward with these projects, but there were no costs or numbers. The vendor they are dealing with built the mausoleums at both Sunset and Lauderdale Memorial. He is currently retired and serves as a consultant to the company and is still actively involved.

Mr. Nesbitt commented that the Board may want to wait a month until they hear back from Ms. Grant regarding financing so they could tell the Commission they are moving ahead to build two mausoleums, and these are the costs, estimate revenues, surplus, and how they plan to finance it.

Ms. Zeiler thought they needed to move forward and felt comfortable with the numbers provided because she sees the Revenue is more than going to meet the Capital expenses.

D. Other Business

Mr. Williams mentioned a couple of comments about the Master Plan. From a procedural standpoint, the Commission accepted the Master Plan, which did not necessarily mean they approved all elements, which allowed some flexibility as it pertains to the contents of the Master Plan.

In response to Mr. Nesbitt, Ms. Spates stated that a contract would be negotiated with the proposal received for the mausoleums. In October 2019, the Board unanimously approved eight additional private estate sites at Evergreen. The surveyor visited the property and said there was enough room for eight more, not two. Some interest was received in private estates, so she was hopeful they would be able to capitalize on the expansion of those in the future. That information will be sent to the Commission to approve those additions, so they can officially go on the map; it has already been surveyed, staked, etc.

Mr. Nesbitt requested Ms. Spates get a timetable from the people building the mausoleums and questioned when they could start selling spaces within the mausoleum.

Ms. Spates indicated that the initial timeline was six to nine months.

Ms. Zeiler questioned if there would be a ground-breaking.

Ms. Spates thought that was a good idea and something to discuss with the Board as they go through the process and an agreement is in place.

Ms. Beasley-Pittman requested Mr. Ulmer's remarks in the beginning of the meeting be included as part of the minutes in its entirety.

Vice Chair Kurtz questioned if they could sell pre-construction crypts while under construction and questioned if that were something they could look at or if it were feasible as far as costs are concerned.

Ms. Spates replied, "No, they cannot take the risk because there is nowhere to put anyone". They would have to wait for the CO before starting sales. She emphasized she would have some concerns.

Mr. Jackson advised that he has seen those too, but they would have to get the contractor to build something like a prefab to store the bodies if they were to sell pre-construction mausoleums. He thought it was best to wait until everything was complete, especially with COVID, and then go from there.

Ms. Spates indicated that she has major concerns about taking a risk with the prefabs and thought it was best to make sure they have a quality product and wait for permanent housing.

Vice Chair Kurtz requested a vote be taken for a Chair and Vice Chair at the next meeting.

Ms. Spates advised that would be on top of the agenda.

E. Communication to the City Commission – None.

3. ADJOURNMENT

NEXT SCHEDULED MEETING DATE: THURSDAY, MARCH 11, 2021 - 3:30 P.M.

There being no further business to come before the Board, the meeting was adjourned at 4:29 p.m.

[Minutes prepared by C. Guifarro, Prototype, Inc.]