



CITY OF FORT LAUDERDALE

APPROVED
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, MAY 13, 2021 – 3:30 P.M.

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

City Staff

Stacy Spates, Cemetery Administrator
Lucretia Penrow, Parks and Recreation
Trevor Jackson, Parks and Recreation
Vanessa Mutchnik, Recording Secretary, Prototype, Inc.

Guests

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

1. CALL TO ORDER

Ms. Spates called the special meeting to order at 3:30 p.m.

A. Roll Call

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

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

No discussion.

2. OLD/BUSINESS

A. Cemetery Master Plan Project – Cemetery Mapping Software (Discussion/Motion)

Ms. Spates explained that during the process with the cemetery software, which was awarded to CEMSTES, there was some confusion in terms of who would be providing the longitude and latitude coordinates, so the cemetery map and the component portion of the package could be properly completed. During conversations, it was discovered that additional hours would be required to obtain those coordinates and properly map them, and consequently, there would be an additional cost. The amount up to 110 hours would be \$10,450. This was not anticipated, but something they must have for mapping in terms of providing customer service and getting people to those levels to have those coordinates, so it could be properly documented in the system. Initially, the cost was \$150 per hour, but because of the negotiations and miscommunication, CEMSTES was willing to provide the service at a cost of \$95 per hour. This is the additional cost on top of what the Board approved, so she was bringing this forward for approval to secure the additional hours and to pay the vendor.

Motion by Mr. Gitnik, seconded by Mr. Nesbitt, to approve the expenditure of \$10,450 to CEMSTES. In a roll call vote, the **motion** passed unanimously (8-0).

Ayes: Beasley-Pittman, Dowers, Gitnik, Lilli, Nesbitt, Watson, Vice Chair Zeiler,
Chair Kurtz

Nays: None

3. NEW BUSINESS

A. Approval of Meeting Minutes for 02/18/21 & 03/11/21 (Discussion/Motion)

Motion by Vice Chair Zeiler, seconded by Ms. Beasley-Pittman, to approve the February 18, 2021. In a voice vote, the **motion** passed unanimously. (8-0)

Motion by Mr. Gitnik, seconded by Ms. Beasley-Pittman, to approve the March 11, 2021. In a voice vote, the **motion** passed unanimously (8-0).

B. Annual Investment Training for Board Members & Board Liaison (Discussion)

Ms. Spates advised they must do Annual Investment Training, and, in the past, it was provided by Truist, formerly Sun Trust. A total of eight hours is required by State Statute and last year the hours were split between August and September. She wanted to look at tentative dates for training.

Ms. Krause questioned if the Board wanted the sessions in person or virtual. If in person, she suggested two four-hour sessions and if virtual, perhaps they could do four two-hour sessions.

There was a consensus for virtual sessions.

Ms. Spates indicated she and Ms. Krause would work together on dates for virtual sessions and then she will communicate with the Board to find a consensus.

C. Trust Fund Investment Review/Truist Bank (Discussion)

Kim Krause, with Truist Bank, provided a brief overview of the Investment Review through April 30, 2021 as follows:

- Market returns for major Equity markets have been strong through April.
- The 12-month period is showing 40% to 50% returns in some Equity Asset classes because the weak quarter in 2020 dropped off and was replaced with a stronger 2021 first quarter and a strong April.
- From an economic perspective, Global Growth is rising the best pace since the 1960's, so the IMF estimates Global Growth for 2021 at 6%, U.S. Growth is well above the pre-pandemic trend, which was roughly 2% to 2.5%, and now the U.S. is expecting 6% to 7% Growth for 2021, which continues to be the result of massive fiscal support in stimulus. The consumer is healthy and has money to spend, which should lead to strong GDP Growth for 2021 and a healthy economy.
- There have been some recent inflation concerns; on a year over year basis, inflation is going to uptick a good amount because a year ago inflation was extremely low.
- The S&P, which is a U.S. Large Cap, was up 11.8% at the end of April.
- International Markets were up 6.5%.
- Emerging Markets were up just under 5%.
- Year-to-date for January 1, 2021, the beginning market value was \$32,225,996 and the net withdrawal amount was negative \$500,000. There was a gain of \$1.5 million and Interests and Dividends were up \$219,000. In the four-month period, the increase to Market Value was \$1.7 million based on Market Appreciation and Interests and Dividends. The Market Value increased to \$33.3 million at the end of the month.
- As shown in the Investment Policy Statement, Equity exposure in April was 55.6% and Fixed Income adjusted downward to 38.5%. The bottom part of the range is 40%; therefore, Fixed Income is being rebalanced to make sure they are in line with the 40% IPS range.
- Within Equity exposure, they continue to focus on income producing Equities through the Select Dividend ETF, Vanguard Value, and the SPDR S & P

Dividend, which are all ETF's that focus on companies that pay strong dividends producing income to the portfolio.

- In 2020, dividend strategies underperformed because Growth Oriented Technology companies and stay at home Stocks were the drivers of the markets; that has reversed.
- A small REIT position, U.S. Real Estate Investment Trusts, produces some good income to the portfolio.
- International Equities were just under 10%.
- Fixed Income exposure will be increased; they will be looking to shorter duration Bonds, which means shorter maturities that are less sensitive to increases in rates, that should help buffer any interest rate exposure.
- Cash equivalents remain under \$2 million or 6% of the portfolio.
- Yields are under 2%. Fixed Income is in a low environment, so they expect to achieve a lot of income from the Equity portion of the portfolio through dividend strategies.
- The Expense Ratio is 23 basis points, which is low. That is through the combination of several passive advantage ETF's and Mutual Funds, and underlying Bonds, which they are managing at no additional Manager cost.
- Performance in April was strong; the Total Net of Fees was up 3% and the four-month year to date period was under 5.5%. The policy benchmark in the existing IPS was 50% S&P and 50% Barclay's Aggregate. The Blended Benchmark was shown many years ago, which incorporates 10% International, and the portfolio has outperformed that benchmark. Four and a half years ago the Board decided to raise some Cash on the strength of Equities in anticipation of some Capital outlays over time. Recommendations have been made in the IPS.
- Dividend strategies underperformed the broader market significantly and that has turned around.
- Fixed Income returns are negative because rates moved upward in the first quarter. Year to date, negative 2.5%, but longer-term Fixed Income returns have been quite strong.

Ms. Krause stated they are continuing to use a blend of active and passive; more passive than active, which has been a focus of the City's other policies through their other pools of Assets. They are using select active management in Large Cap Growth space, Small Mid Cap Equities through Atlanta Capital, and Vanguard International and Fixed Income, where they find strong, compelling Managers with track records that have consistently outperformed their relative benchmarks at reasonable costs. Active management is important especially when choppy volatile markets are seen because active managers can provide downside protection versus respective benchmarks. In closing, they are positive in the next 12 to 18 months for positive Equity Market returns.

D. Maintenance Reimbursement Request for February 2021 & March 2021.
(Discussion/Motion)

Chair Kurtz commented that the March reimbursement was \$135,358.04.

Ms. Spates reported the February reimbursement was \$118,898.56.

Motion by Mr. Nesbitt, seconded by Vice Chair Zeiler, to approve the maintenance reimbursement for February 2021 in the amount of \$118,898.56. In a voice vote, the **motion** passed unanimously (8-0).

Motion by Vice Chair Zeiler, seconded by Mr. Nesbitt, to approve the maintenance reimbursement for March in the amount of \$135,358.04. In a voice vote, the **motion** passed unanimously (8-0).

E. Cemetery P & L Statement (Discussion)

Ms. Spates shared the P & L.

Mr. Nesbitt questioned how long they will continue selling carriage merchandise.

Ms. Spates indicated there is a meeting in a week to get that taken care of. They are still delivering pre-need merchandise and services, which will continue until the City comes to an agreement with CFS.

F. Memorial Day Ceremony at Lauderdale Memorial Park, Monday, May 31,
2021 @ 9:00 a.m.

Ms. Spates announced the Memorial Day celebration and stated the program is scheduled to be one hour. She will send a copy of the finalized program to Board members once it is available.

G. Other Business

Mr. Nesbitt questioned where they are on the implementation of the software.

Ms. Spates advised they are in the discovery phase; there is a deadline of May 21, 2021 to get the documents to the vendor and on May 26, 2021, there will be a two-hour meeting, so they can move into the testing and validation phase. Weekly check-ins are on Tuesdays and there are production check-ins to see where they are. She will provide an update at the July meeting and noted that the City's IT Department is involved in the process.

Ms. Penrow stated they were given six to eight weeks after the May 21, 2021 date. They will go through more information during the discovery call and perhaps they will be given a more concrete date.

Mr. Nesbitt questioned where they are with the construction of the mausoleums the Board tentatively approved.

Ms. Spates advised it is in contractual mode. A proposal was received, and Mr. Gitnik introduced them to another company that also deals with mausoleums. It appears as if Matthews acquired the company because it used to be a standalone company years ago. She sent an email to follow-up, but they are currently in contract negotiations with the one proposal received.

Mr. Gitnik explained that he tried to introduce Ms. Spates to Matthews because they provide internal financing. Normally, they do not finance, but they consider on a case-by-case basis and when they provide financing, it is at very reasonable rates. He recently met with the Vice President and General Manager at Matthews and he will reach out.

Mr. Nesbitt commented that the urgency and need were previously discussed, and he wants to make sure they are moving forward with the mausoleums.

Ms. Spates questioned if the Board wanted to work with another offer or continue with Mausoleum USA.

Mr. Jackson stated that the company who built the mausoleums at Sunset and Lauderdale Memorial Park was Ken Dear, who apparently sold his company to Mausoleums USA. His work is good, but he just found out about the other vendor, Matthews.

In response to Chair Kurtz, Mr. Jackson was not sure if Mausoleums USA provides financing like Matthews.

Ms. Spates advised they did not have that discussion with Mausoleums USA, but it is something they can check into.

Ms. Spates commented that Gibraltar built the older mausoleums at Lauderdale Memorial Park.

Mr. Jackson thought they built Phase 3 at Lauderdale Memorial Park years ago.

Mr. Gitnik stated Matthews is a large company and they have bought out many significant players in the death industry, everything from markers to crematoriums, to mausoleum construction and even granite companies. They also do projections of

revenue and have models that can project the revenue obtained from the construction of a mausoleum and the crypts. They do a model and study.

Chair Kurtz questioned if they provide temporary mausoleums while they are building the others.

Mr. Gitnik mentioned that where he is today, they have never had temporary mausoleum space. They have entombed people in other spaces as temporary and then moved them when new construction occurred, but the problem is there are no empty spaces.

Ms. Spates questioned if the Board would like to have both companies make a presentation.

Mr. Nesbitt stated his preference would be for Mr. Gitnik and Ms. Spates to look at the two or three companies and then bring a recommendation to the Board at the July meeting.

Motion by Mr. Nesbitt, seconded by Vice Chair Zeiler, to have Mr. Gitnik, Ms. Spates, and the appropriate City staff, review all options and come back to the July meeting with a recommendation. In a voice vote, the **motion** passed unanimously. (8-0)

Mr. Lilli commented that Mausoleums USA just finished a mausoleum at one of their cemeteries and suggested Ms. Spates reach out to Freddie with any questions. They recently finished the project, so he will provide the results.

Ms. Penrow questioned the timeframe of the project and if that could be shared.

Dennis Ulmer, public, questioned when the investment contract was up for renewal.

Ms. Spates indicated she is working with Procurement to take care of that.

Mr. Ulmer commented that when the ordinance went for passage before the City Commission on First Reading, Vice Chair Zeiler said operating costs were coming out of the Trust Fund, which he believed was not the case. If that is not the case, he questioned what operating expenses are coming out of the Trust Fund.

Ms. Spates advised that the ordinance spells out which expenditures are approved. Her salary and the Administrative salaries do not come out of the Trust Fund. The only thing changed or added to the ordinance was the real property acquisition.

Vice Chair Zeiler stated that Ms. Spates was clear at the meeting regarding the amount of monthly expenses Parks and Recreation is bearing versus what they are bearing as far as what the cemetery's real cost is. They are only seeing the expenses on their end

and approving requests to be reimbursed from the Trust; they are not seeing the tremendous amount of other expenses that Parks and Recreation is bearing as part of their budget.

Mr. Gitnik commented that he did not know any cemetery where the Trust Fund could pay for all operating expenses of a cemetery.

Chair Kurtz mentioned the Board has always met on Thursdays and questioned if any other days of the week would be more convenient for anyone.

Mr. Nesbitt stated he was good with Thursdays. They need to be careful because the eight-floor conference room is reserved for their meetings at a particular time and that room is heavily booked.

H. Communication to the City Commission – None

In response to Ms. Spates, Mr. Gitnik stated he would be there next week, so they could meet and set a date. He did not realize Forest Lawn North is an SCI cemetery; the SCI has high standards; it is a huge conglomerate cemetery funeral home combination, and he would like to hear that.

Ms. Spates stated that is the company they met with and they are anxious to move forward. She stated she would call Mr. Lilli because they could not all meet without being in the Sunshine.

4. ADJOURNMENT

NEXT SCHEDULED MEETING DATE: THURSDAY, JULY 8, 2021 - 3:30 P.M.

There being no further business to come before the Board, the meeting was adjourned at 4:25 p.m.

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