



CITY OF FORT LAUDERDALE

**APPROVED**  
**CEMETERY SYSTEM BOARD OF TRUSTEES**  
**MINUTES OF MEETING**  
**CITY OF FORT LAUDERDALE**  
**CITY HALL 8<sup>TH</sup> FLOOR CONFERENCE ROOM**  
**100 N. ANDREWS AVENUE, FORT LAUDERDALE, FL 33301**  
**THURSDAY, JULY 8, 2021 – 3:30 P.M.**

<b>Members</b>	<b>Attendance</b>	<b>Cumulative Attendance</b>	
		<b>03/2021 through 02/2022</b>	
		<b>Present</b>	<b>Absent</b>
Richard Kurtz, Chair	P	2	1
Dr. Pamela Beasley-Pittman	A	2	1
Avis Boyd-Gaines	A	0	3
Benjamin Dowers	P	3	0
Paul Gitnik	A	2	1
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  
Lisa Tayar, Recording Secretary, Prototype, Inc.

Guests

Kim Krause, Truist (SunTrust)  
Dennis Ulmer, Resident

**1. CALL TO ORDER**

Ms. Spates called the special meeting to order at 3:32 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 Update – Sunset Community Mausoleum Project & Evergreen Expansion (Discussion)

Ms. Spates reported that it was decided it would be best to bid the project out. Public Works is going to provide a Project Manager to manage the projects. They are in the process of developing specifications. She will advise once they are out to bid.

In response to Mr. Nesbitt, Ms. Spates stated that Mr. Jackson has been through this process and the City has not. She thought it would be best to have someone accountable and there would be a timeline for the project, which the Engineer would oversee. Funding was provided and CIP calculations were already done. She will have an update at the next meeting if not before. The timeline is currently unknown.

Vice Chair Zeiler questioned if Board direction would be required before the RFP goes on the street. Her concern was getting the RFP on the street as soon as possible.

Ms. Spates stated that the Project Manager knows there is a Cemetery Board, but she will find out. The board agreed that the RFP can be released without further discussion.

Mr. Jackson provided an update on the Evergreen expansion. Phases 1 and 2 for the road excavation have been completed and they need a survey and mapping before moving onto Phase 3.

In response to Ms. Krebs, Mr. Jackson thought about 150 additional spaces could be added in Phases 1 and 2.

## 3. NEW BUSINESS

### A. Approval of Meeting Minutes for 05/13/2021 (Discussion/Motion)

**Motion** by Mr. Watson, seconded by Vice Chair Zeiler, to approve the May 13, 2021 minutes. In a roll call vote, the motion passed unanimously. (6-0)

Ayes: Watson, Nesbitt, Krebs, Dowers, Zeiler, Kurtz

Nays: None

### B. Cemetery Trust Fund Services RFP Evaluation Committee (Discussion/Motion)

Ms. Spates advised that their contract with Truist ended in June, but they have entered into a 180-day extension. The RFP has been put on the street and Committee members are needed. She recommended Fred Nesbitt, Paul Gitnik, and Pamela

Beasley-Pittman and then there will be two staff members, someone from Finance who has knowledge of these services.

**Motion** by Chair Zeiler, seconded by Mr. Dowers, to approve Fred Nesbitt, Paul Gitnik, and Pamela Beasley-Pittman as a Sub-committee or Task Force for the RFP for the Trust Fund. In a roll call vote, the motion passed unanimously. (6-0)

Ayes: Watson, Nesbitt, Krebs, Dowers, Zeiler, Kurtz

Nays: None

#### C. Annual Investment Training for Board Members & Board Liaison

Ms. Spates advised they would do like they did in the past, four two-hour virtual sessions.

Mr. Nesbitt thought there should be focus on the Corpus on the other fund and where and how it works, and the investment strategy. He would like to know where they are now and where they proposed to be a year from now.

Ms. Krause clarified that Mr. Nesbitt would like a deeper portfolio review, how it is structured, what they are thinking, and dig into the Managers a little more. As far as the Trust and Assets, she will discuss that with Ms. Spates.

After brief discussion, there was a consensus to have the following training schedule:

July 30<sup>th</sup>, August 6<sup>th</sup>, August 20<sup>th</sup>, and August 27<sup>th</sup> between 9:00 a.m. and 11:00 a.m.

#### D. Trust Fund Investment Review/Truist Bank

Kim Krause, with Truist Bank, distributed packets and provided a brief overview of the Investment Review.

Ms. Krause showed the following snapshots:

#### **U.S. Economic – Market Returns**

Equity markets have continued to perform well in the second quarter. The economy reopening is in full swing, which has continued to strengthen the Equity market.

The S&P, which is the US Large Cap, is up 8.5% for the quarter and currently over 40% for one year. Trailing one-year returns were 30%, 40%, and 50% across most Global Equity markets, which is strong.

There has been a rotation in the last month towards Technology Stocks, more Growth type of Stocks. A big focus in rotation was seen for Value and Dividend Stocks, which benefitted the Cemetery Trust portfolio because there was a lot of income producing Equities, but last month there was a little rotation back to Growth. Returns have been positive.

Non-US Equity markets were up 5% from the quarter and Fixed Income, the Barclay's Aggregate, posted a positive quarterly return.

Sector returns that make up the S&P were highlighted. For the quarter, Technology was up almost 12%, Real Estate 13%, and Energy 11%, so it was a mixed bag of some of the more Value oriented and Growth sectors. June was a little uneven.

The GDP may surpass in the second quarter, back to pre-pandemic levels, and the rebound has occurred a lot quicker than thought a year ago. It is believed there will be a switch from consumer buying goods to more services, such as travel, leisure, etc. Residential housing is positive; there is a tight supply, and business spending remains solid. Interest rates have been mixed and there has been some concern with inflation. It is believed there will be a shift to more service-oriented sectors, which should be beneficial.

### **Stock Market Outlook:**

Market valuations are elevated; the Stock Market has been hitting all-time highs, but recently they were down a few days. Economic growth is at its peak. There is nervousness about the Fed tapering and having to raise rates quicker than expected, and higher inflation and higher taxes are on the horizon, but it is believed positive returns will be seen over the next 12 months at a more moderated pace. Relative valuations still favor Stocks, so when looking at Equity versus Fixed Income, Fixed Income Yields are at all time lows, so those things are rotating into Equities, which support the Equity markets. Earning trends have been positive, which have supported Equity Market Valuations over the last 12 months. It is still believed that inflation trends are transitory.

### **Portfolio Active Summary:**

Year to date, the January Market Value at the beginning of the year was \$32,025,000. Net withdrawals were \$670,000 from the portfolio and there was a gain of \$1.9 million plus interest and dividends of \$375,000, which is over a \$2.3 million increase to Market Value for the six-month period. There was \$33.7 million at the end of the quarter and as of yesterday, there was \$33,833,201 in the first week of July.

### **Portfolio Management:**

Equity ranges are 40% to 60% and the same for Fixed Income with a target of roughly 50%. They are at 53.5% in Equity and a slight overweight was maintained to Equity given reduced Fixed Income returns expected over the next year. Dividend strategies to prevent income in the portfolio are through i-Shares dividends and S&P SPDR dividends, which are producing income to the portfolio, are an important cemetery reimbursement. They are balancing that with S&P through Vanguard and then an Active Manager in the Growth space, Edgewood, which has done a tremendous job versus their benchmark, focusing on Growth oriented Stocks.

There are no changes in Managers since they last met. There are low Manager costs with an average of 22 basis points.

International Equities were under the 10% range at 9%. Fixed Income is at the lower range, so they are at 40% to 60%, just over 40%, not quite 41%. They are considering the cash equivalence at 5.5% as part of Fixed Income but keeping that exposure a little on the lower side because of lower Yields and Income. The annual income estimated is \$684,000, which is roughly a 2% portfolio Yield.

### **Performance:**

Year-to-date and one-year periods show outperformance per benchmark, which has been a slight struggle because the IPS stated the S&P 500 is the Equity benchmark, which is made up of many Growth-oriented companies. Year to date was 7.25% net of fees, which are good strong returns for a six-month period. Equity returns of 16.5% and International were just under 10%. Fixed Income year-to-date are still negative returns for the year-to-date period, but Fixed Income is outperforming the Aggregate Bond Index. Going out three to five years are solid long-term returns in Growth.

### **Individual Manager Performance:**

Most of the Equity Managers are passive, so it is expected most are in line with their respective benchmarks. The first one is Edgewood, which is an Active Manager with a concentrated portfolio of 20 to 25 Growth Stocks: high quality Growth companies. It has a higher expense ratio of 1%, but returns are net of fee returns.

Atlanta Capital has been in the portfolio for a long time. Over the last one-year period it has underperformed the Russell 2500 and has been more Mid Cap oriented than Small Cap, which is part of the benchmark. It is a high-quality Growth tilt, so a little underperformance for the one-year but longer term has done very well.

In response to Mr. Nesbitt, Ms. Krause stated inflation has spiked and may run above trend from pre-pandemic levels, but it is believed the spike is transitory. Higher numbers are expected to run above pre-pandemic, which was 1.5% to 2%.

E. Maintenance Reimbursement Request for April 2021 & May 2021  
(Discussion/Motion)

Vice Chair Zeiler mentioned the April reimbursement request regarding Water, Sewer, and Storm for \$81,000, and questioned if that was a one-time expense or if they would continue to be billed.

Ms. Spates indicated there was more to come; for some reason they were not being billed and must catch up.

Mr. Nesbitt commented that next month would be about \$12,000.

In response to Vice Chair Zeiler, Ms. Spates stated she would have to look at previous months to get a monthly amount.

**Motion** by Mr. Nesbitt, seconded by Vice Chair Zeiler, to approve the maintenance reimbursement for April 2021 in the amount of \$210,196.04. In a roll call vote, the motion passed unanimously. (6-0)

Ayes: Watson, Nesbitt, Krebs, Dowers, Zeiler, Kurtz  
Nays: None

Chair Kurtz mentioned the May reimbursement request in the amount of \$151,557.52.

In response to Mr. Nesbitt, Ms. Spates stated disposal fees are billed every month.

**Motion** by Vice Chair Zeiler, seconded by Mr. Watson, to approve the maintenance reimbursement for May 2021 in the amount of \$151,557.52. In a roll call vote, the motion passed unanimously. (6-0)

Ayes: Watson, Nesbitt, Krebs, Dowers, Zeiler, Kurtz  
Nays: None

F. Cemetery P & L Statement (Discussion)

In response to Mr. Nesbitt, Ms. Spates indicated that May is partial.

G. Other Business

Vice Chair Zeiler advised that she was contacted by the Robert Bethel American Legion Post on Sistrunk Boulevard. The Post does an Honor Guard ceremony at the cemetery on Veteran's Day and would like to do flags for the Veterans at Woodlawn Cemetery on Veteran's Day and Memorial Day. She contacted Roberto Fernandez, who was part of the Woodlawn Cemetery project, and Derrick Davis, Chair of the Trailblazers, so they

could get involved with the Post and identify which Veterans they are looking for and then a decision would have to be made as to whether they would be permitted to place small American flags at the resting places of those Veterans. She noted that Robert Bethel is a WW1 African American Veteran buried in Woodlawn Cemetery. She questioned if it would be all right if the Post wanted to use the Honor Guard on Memorial Day.

Ms. Spates stated they would need to know ahead of time.

Vice Chair Zeiler stated that Mr. Bethel's headstone has significantly deteriorated, and the Post would like to purchase a new one.

Ms. Spates advised Vice Chair Zeiler to have the Post contact her.

In response to Ms. Krebs, Vice Chair Zeiler indicated that Roberto Fernandez, the Woodlawn Cemetery Project Director, has already secured the VA records.

With regard to questions from Chair Kurtz and Mr. Ulmer, Ms. Spates indicated that names could be added to the marquee for a fee.

Mr. Nesbitt requested an update on the computer and migration.

Ms. Spates reported that they are in migration, Part 1. Two part-timers were hired to clean up the information, so it would be ready when needed. There will be a two-hour meeting on Monday and her best estimation of going live is in November. There will probably be eight to ten weeks for production alone. Once they are ready, they will input the most recent information.

Ms. Spates explained that the cemetery is operating without a software system, and they are currently working with a company for migration and implementation of the software. The City does not have GIS coordinates, so that is part of the fee.

In response to Mr. Watson, Ms. Spates stated that the lawsuit with the previous management company was settled, but they have not come to an agreement on the Merchandise and Services Trust. The Statute requires that a certain percentage is placed in the M&S Trust. There was some confusion as to if they would ever be able to own it and unless the Statute changes, they cannot own it. Currently, there is about \$4 million sitting in the Merchandise and Services Trust. The cemetery has delivered thousands of dollars, but since they have not come to an agreement, they have not been reimbursed. The company has a legal obligation for that money to come out of the Fund once someone passes away, which is not happening. There was a meeting a couple months ago and the company said they were ready to come to the table.

In response to Mr. Watson, Ms. Spates stated no records have been provided. Mr. Watson thought the company could provide printouts from their records without providing the software.

Mr. Nesbitt commented that the software was proprietary, so when they left on September 30<sup>th</sup>, they took it with them. The cemetery was taken over in October with no records.

Ms. Spates advised that a data dump was provided with no dictionary, so the information was useless. This company claims they could convert the information, but they have had a lot of difficulties in doing so. When it was put out to bid, the City made the company sign a confidentiality agreement. The company has to honor the agreement and it is their commitment to the family that they will honor whatever was paid for. Sometimes it is difficult; sometimes there is no contract number or location.

Vice Chair Zeiler questioned if the City could subcontract to a service company.

Ms. Spates mentioned that was considered, but there were many concerns; it may be a conflict of interest. They are not totally divorced from the previous cemetery contractor. They were told right away that the City could not sell pre-need merchandise and services and they would not be revenue positive.

In response to Chair Kurtz, Ms. Spates stated the Statute says the City cannot hold a pre-need license. They talked to the State and were told they would never be able to hold that license. Ms. Spates advised that the City does not have a Lobbyist in Tallahassee.

Mr. Nesbitt questioned how much money is lost by not having the license.

Ms. Spates stated no one can do the opening and closing but them, so they do not have to compete on that level. They compete for headstones and outer burial containers.

In response to Mr. Nesbitt, Ms. Spates stated no money is put into the Trust. She noted that sometimes there may be more non-residents than City residents.

Chair Kurtz stated that he would talk to someone from the State Board; there has to be a way the Statute can be amended.

H. Communication to the City Commission – None

#### 4. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:32 p.m.



Cemetery System Board of Trustees

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