



CITY OF FORT LAUDERDALE

**CEMETERY SYSTEM BOARD OF TRUSTEES
MINUTES OF MEETING
CITY OF FORT LAUDERDALE
CITY HALL 8TH FLOOR CONFERENCE ROOM
100 N. ANDREWS AVENUE, FORT LAUDERDALE, FL 33301
THURSDAY, JULY 14, 2022 – 3:30 P.M.**

Members	Attendance	Cumulative Attendance	
		03/2022 through 02/2023	
		Present	Absent
Richard Kurtz, Chair	P	3	0
Chelsea Krebs	P	3	0
Fred Nesbitt	P	3	0
Mark Van Rees	P	3	0
Michael Watson	P	3	0
Patricia Zeiler, Vice Chair	P	2	1

City Staff

Stacy Spates, Parks and Recreation
Trevor Jackson, Parks Manager
Carla Blair, Recording Secretary, Prototype, Inc.

Guests

Kim Krause, Truist

1. CALL TO ORDER

Chair Kurtz called the 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 Updates:

- Sunset Memorial Gardens Community Mausoleums (Update)

Ms. Spates advised two proposals were received that did not go through the competitive solicitation process. The Director of Finance has concerns and might want to rebid one from a Consultant for the vendor who previously built the mausoleums. A bid came in previously for \$1.5 million, but the two proposals that came in subsequent to the RFP process were for \$805,000 for 476 crypts, and another bid for \$1 million. The initial proposal from Ken Dear was about \$700,000 and now it is at \$805,000. The Procurement Manager is going to talk with the Director of Finance.

Mr. Van Rees questioned when the initial bid was and if the Director shared their concerns.

Ms. Spates replied the initial bid was in 2020. She indicated everything was shared. During research, a bid came in at \$1.5 million from a company; however, she did not know if they had mausoleum construction experience because no references were provided. The company that previously built the mausoleums came in at \$805,000, but did not go through the official competitive solicitation process. The Procurement Manager is going to decide what they are going to do. They would have liked those companies to go through the RFP process, but they did not want to.

Mr. Van Rees commented that the last time a mausoleum was built they did not have to go through this because it was done privately. He noted the other two bids were good. If Purchasing can look at the competitive bids realizing the urgency and community need for the mausoleum to be built, they need to pursue this.

Ms. Spates agreed with going through the competitive solicitation process because the City has not taken on a project of this scope, and it looks cleaner in terms for Procurement. They would need to officially reject the bid if the City decided not accept it.

Vice Chair Zeiler asked if all the crypts were the same amount.

Ms. Spates indicated they are all for 476 crypts. The bid that came in through the competitive bid process was broken down for two in one; he bid two on one and a secondary one for one. The other two bidders bid for three mausoleums with 476 crypts.

Mr. Watson asked what is involved in the Procurement process or if it is an administrative issue. He questioned if it would be possible to hire a Consultant to assist bidders through the Procurement process if there are low bids they think are good and worth pursuing.

Ms. Spates replied yes. She stated having someone help them through the process is a preference, but they would have to pay a person to help all the bidders go through the process. The package is lengthy and involved.

Chair Kurtz questioned if it would help if each of the Board members contacted their Commissioners since this is urgent.

Vice Chair Zeiler stated they have been doing that for a while and she even went to the City Manager.

Ms. Spates advised they have to be careful with the City Commission. The Commission can talk to the City Manager, but they cannot direct staff.

Mr. Nesbitt thinks the urgency needs to be stressed; this is a community issue. He suggested telling the City Commission about the urgency and letting them go to the new City Manager.

Ms. Spates stated she started working with this yesterday and the last time she spoke with the Procurement Manager, he was going to update the Director of Finance.

Vice Chair Zeiler commented that she has a meeting scheduled with the new City Manager.

Mr. Nesbitt thinks they should pressure as much as possible.

- Sunset Memorial Gardens Irrigation System (Update)

Ms. Spates reported the irrigation system is ongoing. The vendor is out there every day and making some progress. She mentioned the timeline and asked if the vendor said when they would be done.

Trevor Jackson, Parks Manager, indicated that during a conversation with the vendor one thing specified was payment and he told them they would not get paid until the project is done.

Ms. Spates stated it depends if they invoice. Some contracts say invoices can be submitted no more than once a month and it has to lay out the scope. She noted they must pay for damages and repair anything that might be broken, not City staff.

Cemetery Management Software (Update)

Ms. Spates advised they are still working through the process. There has been a lot of conversation through phone calls and meetings. The Procurement Manager and Deputy Director are involved, and they are going to have a phone call with the Management.

Mr. Nesbitt suggested reaching out to individual Commissioners and to the new City Manager because there has to be a way to move this; it is extremely urgent.

B. Cemetery Investment Policy (Update)

Ms. Spates mentioned the 55/45 split within the IPS and noted the targets and benchmarks are changing, so she is going to send it to the City Commission. She and Ms. Krause will work together redlining the current IPS to make those changes, which will be going to the City Commission in September.

Vice Chair Zeiler asked Ms. Spates to advise if she wanted Board members to attend the meeting.

Ms. Spates replied she would let everyone know.

3. **NEW BUSINESS**

A. Approval of Meeting Minutes for May 12, 2022 (Discussion/Motion)

Motion made by Mr. Van Rees, and seconded by Vice Chair Zeiler, to approve the May 12, 2022 Minutes. In a voice vote, the **motion** was approved unanimously. (6-0)

B. Perpetual Care Trust Fund Investment Review/Truist Bank (Discussion)

Ms. Spates indicated there was a question regarding maintenance reimbursements. The Budget office has recommended they not seek maintenance reimbursement to allow growth of the fund and that they spend down until they have a need.

Mr. Nesbitt expressed concern that they will find a way to come up with a \$1 million payment in the operating budget. He questioned if that information could be shared with the Board.

Ms. Spates advised that information is Public Record.

Mr. Nesbitt asked if a monthly spreadsheet could be provided by the next meeting.

Ms. Spates replied she could not make any promises. She questioned if that information was in addition to the P & I.

Mr. Nesbitt stated it would allow them to track monthly for water, sewage, and overtime.

Vice Chair Zeiler thinks ultimately, that information could be compared to the budget.

Mr. Nesbitt commented even if they are not paying, they should know what the operating expenses look like and if they are in line.

Kim Krause, with Truist, was present. She distributed a one-page flyer and noted an email was sent to Board members with a link to a one-hour webcast that is a replay from two or three weeks ago, so it is a very timely economic update, which can count for an hour of the eight hours required for training. She stated the link would probably be valid for a month. She receives an email when someone clicks on the link, which she can report to Ms. Spates, but she can also check with their internal team about viewing.

Ms. Krause suggested Board members check their email against what Ms. Spates sent out for this meeting.

Ms. Krause reviewed the report through June and highlighted the following:

- Page 3 - The Markets are in turmoil and continue to pull back in both Equity and Bonds. The Bloomberg U.S. Aggregate Index is down over 10%.
- The Feds are raising rates and an increase of at least 75 to 100 basis points will probably be seen. The concern is that they move too quickly and push the economy into a recession.
- Year to date Equity markets are pretty much double-digit negative returns, and most of these Indexes are in bare market territory, which is officially 20%.
- At the lowest in June, the S&P was down 24% year to date, which is the median pull back during recessionary periods.
- Financial conditions are tightening with inflationary pressures and higher rates, which is adding more stress to consumers and businesses.
- Page 4 – Within the portfolio they are taking a defensive stance; they are holding higher levels of cash and positioning it towards more defensive Equities within the holdings. Dividend Strategies have held up relatively well, which means they are down much less than the Broader Market and Gross Stocks, which have been hit hard with rising rates. Growth Stocks typically do a little better as the economy slows down.
- They have not seen a peak in inflation yet, but they are watching it closely. Some of the Commodities have pulled back a little and these conditions have not been seen at the same time in many decades.
- Page 5 – The focus is on U.S. Equities over International. Earning trends are stronger in the U.S. and Dividend Strategies have been very defensive and have outperformed. International Equities are positioned more towards high quality value focused Equities that have Dividends as well. They are cautious on Emerging Markets; COVID is a big concern as well as the situation with Taiwan and China. Currently, there is no direct Emerging Market exposure in the portfolio because of risks they think are still there. Regarding Fixed Income, there is a focus on high quality, which is primarily investment grade Corporate Bonds and Treasuries. There is some High Yield in the portfolio for

- the income potential, but High Yield has been under pressure with the slowing economy.
- Page 6 – This is the stop light page, which is recession indicators. Out of all the indicators, four are positive, three are negative, and three are neutral. The trend is towards more negative. On the positive side, the three-month ten-year Yield curve is still positive and Unemployment rates and Jobless claims are still positive. They are seeing strength in the Labor Market, but if that starts to turn it will be a crucial factor. On the negative side, the Intermediate Yield curve, which is the two-month and ten-year Yields, has inverted several times for brief periods, which is a warning sign. Credit spreads have widened, and the price of crude oil remains significant. Risks have risen over the last couple of quarters.
 - Page 8 – The snapshot showed \$33.8 million on January 1, 2022, and \$28.7 million at the end of the quarter. That represents a \$5 million Market Value loss, which is an unrealized loss due to negative Fixed Income returns and negative Equity returns. Cash has been the safe haven, which is a decent portion of the portfolio, but not enough to make up for those losses. There was Interest in Dividends of \$370,000 and some withdrawals year to date.

Mr. Nesbitt questioned withdrawals at the operating expense.

Ms. Krause stated that would be maintenance reimbursement.

- Page 9 – This shows a portfolio positioning. The current allocation is 52% Equities, which is slightly down because of the pull back in the Markets. The positioning under Large Cap is very structured towards Dividend Strategies and has performed relatively well. On a year-to-date basis, that portfolio is positive for the six-month period. The SPDR S&P Dividend is another Dividend Strategy, and these are all producing Yields of about 2.5% to 3.1%.
- During the quarter, one Small Cap Index was swapped for another because Fidelity Small Index Cap is benchmarked to the Russell 2000, which has a lot of lower quality companies, and they are focusing more on higher quality. The S&P Small Cap has 600 Stocks, and they are higher quality and have better earnings than the Russell 2000.
- REIT has been under pressure, it is down over 20% year to date, but they are getting the 3% Dividend Yield.
- International is at 6.7% and the Artisan International Value is another good Dividend Yielding Strategy.
- Fixed Income is primarily high-quality positioning. The Corporate Bonds have about 11% to 12% exposure and those are the higher producing Investment Grade Bonds.
- Cash is just under \$2 million, so 6.7% cash, has been the safe haven.

- Page 10 – Year to date for the six-month period, the portfolio is down 14% to 19% Net of Fees, and the quarter was down 9.7%. Both slightly outperformed the policy benchmark, which is due to the Equity exposure being more geared towards the Dividend Strategies that outperformed the S&P 500, the Broader Market. Fixed Income Holdings were down about 11%, slightly underperforming the Barclay's Aggregate due to some of the Corporate Investment Grade Bonds. There was a small positive cash return. Money Market Funds are currently producing a 1.4% Return of Yield and depending on the need for cash in the portfolio, there is some Treasury exposure that can be invested in Individual Treasury Bonds over the next year to get a slightly higher Yield. There has been some Individual Manager performance, which they are watching closely. Edgewood has underperformed and it is being considered for removal from the portfolio most likely for an Index Fund. Active Managers in the portfolio are doing well. Banana Capital has provided some good downside protection in the Mid Cap space versus their Index. The Artisan International Value Fund on Page 12 has also provided good downside protection versus the EFA Index. They expect continued choppy Markets for the rest of the year. If there is some softening of the inflationary numbers or at least a peak, they could see Equity Markets respond positively.

Ms. Krause encouraged everyone to listen to the webcast. She believes there were two last year.

Mr. Nesbitt stated one was done this year.

Ms. Spates questioned if it was one hour and noted they need to make up six hours.

Ms. Krause replied yes, and this is one hour. She noted there will be one more in the fall.

Mr. Watson advised he missed the first one and asked if he could make it up.

Vice Chair Zeiler mentioned the one with Mark Hall.

Ms. Krause stated it is not Truist, it is a third party. There were some other links on there that were of interest. She will pull that back up and send it.

Vice Chair Zeiler questioned if anything significantly underperforming for the Index is being considered for replacement.

Ms. Krause indicated they watch over time and are willing to be patient with Managers they have high conviction in. They understand Active Managers will underperform at times and that is why they take a long-term view. For the most part, Active Managers in the portfolio are doing well except for Edgewood. The Small Cap is passive, it is an

Index fund, so the returns will be in line with the Index it attracts, but it was replaced with a higher quality Index they think will do better over time.

Vice Chair Zeiler commented that Mid Cap is beating Small Cap.

Ms. Krause advised Atlantic Capital was underperforming a year ago, but they have reversed their underperformance.

C. Other Business

Mr. Van Rees questioned where they are regarding equipment needs.

Ms. Spates indicated tents are being shipped and Mr. Jackson clarified that the tents have been received.

Ms. Spates advised there were three and they are getting four more in the new budget year. They are also doing an on-demand maintenance contract for rainy months and are waiting for a fully executed agreement to help them maintain. It is on-demand, not to supplement labor, but to help when they are busy with services. Once the agreement is received, a blitz of all four cemeteries will be done. There is a primary and secondary award, so if the primary falls through, there is a secondary. The contract is supposed to be from April to September. One contract is in the City Attorney's office waiting to be signed.

Mr. Van Rees mentioned other needs regarding interment setups, etc.

Ms. Spates stated they have some rollers for interment setups.

Mr. Van Rees commented that the previous meeting showed rollers were ordered. He noted many of the setups do not have rollers, they have bars.

Mr. Jackson advised he would investigate.

Ms. Spates knows rollers were ordered, but she questioned if they ordered enough.

Mr. Jackson stated he would double-check.

Ms. Spates stated once Mr. Jackson receives the information, she will email it to the Board.

Chair Kurtz questioned if rollers are the device the casket sits on and then rolls. He commented they are having a real problem with pallbearers who have to lift the casket.

Mr. Van Rees explained how the rollers work. He expressed concern about cemetery staff as well because they lift heavy things. The rollers are there to make the entire process smooth.

Ms. Spates clarified if there are not enough rollers, Mr. Jackson will place an order.

Mr. Van Rees knows the rollers are available and he noted there is nothing wrong with the bars. Replacement of the rollers is ten times better than repairing them.

Vice Chair Zeiler thinks the Harbordale Civic Association contacted the Chair and she wants the Board to know it was not her. The Association went to Commissioner Sorenson because they want to do an evening Halloween event with a tour through Evergreen Cemetery. Her concern is that the cemetery closes at sundown, so staff must be present, which will be an expense. She questioned if the Civic Association is going to cover that expense. She has been at the cemetery during the evening, and it is not well lit; they do not want people stumbling around in the dark.

Mr. Van Rees heard about this from neighbors across the street and they are not happy.

Ms. Spates stated they cannot mandate overtime of staff. She questioned what type of activities would be offered at the event.

Vice Chair Zeiler told the Association to request having the event on a Saturday during the day. She stated they are working with a theater company on some type of a dramatic tour of the cemetery. She stated Marilyn Mammano is the President of that Civic Association and she knows Ms. Mammano has communicated with Commissioner Sorenson, who thought the event is a great idea.

Ms. Spates advised filming is not allowed at Evergreen Cemetery, it is only allowed at Lauderdale Memorial Park. She mentioned some of the monuments cost between \$30,000 and \$40,000 and questioned who will be responsible if someone falls, gets hurt, or if something is damaged. She noted there has been some vandalism.

Vice Chair Zeiler stated she was copied on an email that Ben Sorenson responded to when he said the event was a great idea.

Chair Kurtz advised this Board cannot vote on that.

Vice Chair Zeiler advised there is a big push on the grant side for historical black cemeteries and she has seen a few things pass that would be appropriate for Woodlawn Cemetery. Last week in the Build America Buy America, it showed there is money to the National Park Service that will be funneled down into grants for black cemeteries and there are additional dollars in the National Endowment for the Humanities for Capital projects.

Mr. Van Rees mentioned the Master Plan and noted there are a couple of scenarios that could be used. If the money is available, it is worth it.

Vice Chair Zeiler stated it is a one-to-one match; it is a Federal grant. One grant goes up to \$1.5 million, but the match changes as it goes up.

Ms. Spates requested Vice Chair Zeiler email that information to her.

Mr. Watson thinks the consensus is that the event sounds like a bad idea. He questioned if it would be premature for this Board to send a letter to Commissioner Sorenson and explain the issues they have.

Vice Chair Zeiler stated she was very specific with the Association that they needed to contact Ms. Spates because there are many issues.

Chair Kurtz stated the City Commission might not be aware of the problems that can occur.

Vice Chair Zeiler suggested putting a bullet point of all the cemeteries together for all the City Commissioners.

Ms. Spates stated all merchandise is critical and important; they have been dealing with vandalism. There are hundreds of beautiful parks in the City of Fort Lauderdale the Association can consider.

Mr. Van Rees commented that the event would be inappropriate based on the fact this is a cemetery and not a park.

Ms. Spates stated that according to the Rules and Regulations, there is not supposed to be food.

Vice Chair Zeiler mentioned the City of Miami does a historic tour during the day.

Ms. Spates stated tours are fine, but this sounds like more of an event.

Vice Chair Zeiler thinks it is more of a tour; they want to walk and talk at night.

Ms. Spates stated if an email were sent to her, she would run it through the chain of command.

Vice Chair Zeiler asked if Ms. Spates wanted her to say the event has come to their attention and add bullet points with reasons not to allow it, and then forward it to the City Commission.

Ms. Spates advised she cannot communicate directly with the City Commission. Once she is copied, she will send it to everyone.

D. Communication to the City Commission – None.

4. **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 4:26 p.m.

The next scheduled meeting is Thursday, September 8, 2022, at 3:30 p.m.

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

Minutes changes are to be made only by Prototype. Please make all staff edits at one time via redlining or in an email and return to your minutes writer for our approval and acceptance. We will then create a 2nd draft. We will also make final changes after Board approval. Contact Lisa with any questions.