



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, SEPTEMBER 8, 2022 – 3:30 P.M.

Members	Attendance	Cumulative Attendance	
		03/2022 through 02/2023	
		Present	Absent
Richard Kurtz, Chair	P	4	0
Chelsea Krebs	A	3	1
Fred Nesbitt	P	4	0
Mark Van Rees	P	4	0
Michael Watson	A	3	1
Patricia Zeiler, Vice Chair	A	2	2

City Staff

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

Guests

Kim Krause, Truist
Dylan Smith, Truist

1. CALL TO ORDER

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

A. Roll Call

Roll was called and it was determined there was no quorum.

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 deferred this update to Mr. Nesbitt.

Mr. Nesbitt advised he sent an email to the City Manager and his Commissioner regarding the entire mausoleum issue, and it was referred to the Director of Finance and some other people throughout the City. The last he heard was that they were going to put the project out for rebid, refine the process, and eliminate a lot of the paperwork to make it a simplified process. He mentioned the only bidder was a company that never built a mausoleum, and he thinks that should be one of the requirements.

Trevor Jackson, Parks Manager, indicated they are still waiting; they are trying to put something together and put the project back out for bid.

Mr. Van Rees questioned if it would be beneficial knowing there are specific vendors that do build mausoleums and send them an invitation.

Ms. Spates stated she previously sent invitations to McCloskey, Cold Spring, and Gibraltar.

Mr. Nesbitt asked how to get the mausoleum moving. He was assured they were going to get rid of a lot of the procedures and red tape that was holding companies back. He advised he would mention this to the City Manager and Commissioners again next week.

Ms. Spates stated the survey is ready.

Mr. Nesbitt commented that he joined the Board four years ago and they were just approving this.

Ms. Spates indicated an email was received advising that Ms. Zeiler will not be able to attend this meeting.

- Sunset Memorial Gardens Irrigation System (Update)

Mr. Jackson reported that crews are currently working on the irrigation system. Maintenance will be done by the end of October.

- Cemetery Management Software (Update)

Ms. Spates reported that their Chief Procurement Officer has been in communication with the vendor and trying to negotiate entry back into the system because they have been locked out longer than they have had the system. They have to move forward;

October will be four years that they have been operating without a software system. It is dangerous, it takes so much time, and effects their delivery service. Everyone is busy, so she is not sure when they are going to have access to the system, but the most important thing is the conversion they are willing to compromise. Every time they speak with them there is something new, but without having access to the system to identify, correct, and maybe redo the conversion, it is hard to say.

Mr. Van Rees mentioned a minor discussion the Board had with the City Attorney and questioned why they do not end the process and move onto something else they know is reliable.

Ms. Spates stated someone came in from the financial side and quit the same day. They are busy posting revenues and are working around the clock.

Mr. Van Rees asked how work is being posted.

Ms. Spates indicated Excel spreadsheets are being used for accounts receivables, a cyber source system takes in credit card collections, and they have daily deposits, but is manual.

Mr. Nesbitt questioned if the Legal Department has anything to say about this breach of contract.

Ms. Spates stated the City is trying to make it work; they have invested so much.

Mr. Nesbitt commented they are still at ground zero; it is time to cut the cord and move on. He noted that he will send an email to the Mayor because this cannot continue.

B. Cemetery Investment Policy Review

Ms. Krause distributed a handout and noted that research and backup was provided to move to an allocation with higher Equity; 55% Equity and 45% Fixed Income from the current 50/50. Ms. Spates requested she update the policy and redline edits. Targets were changed to 55/45 and the ranges were adjusted accordingly. Equity upper range moved up a little, Fixed Income lower range moved down a little, and a couple tweaks were made to the Bloomberg Barclay's Aggregate. The table shows the edits and adjusted targets to reflect the new 55/45 and some benchmark tweaking. She added the Dow Jones Select Dividend benchmark in Large Cap because exposure in Large Cap is geared towards Income Dividend Paying Stocks and the policy benchmark. It is a recap of everything that has been discussed.

Mr. Nesbitt commented there is nothing that has not been discussed.

Ms. Krause advised the authorized investments, standards and requirements stay the same, the only change was the allocation. Even though the portfolio has migrated towards a higher Equity exposure, they are still within the existing guidelines.

Ms. Spates indicated this was previously voted on, but she wanted the Board to see it with the changes. Nothing can be voted on at this time since there is not a quorum.

3. NEW BUSINESS

A. Approval of Meeting Minutes for July 14, 2022 (Discussion/Motion)

No vote could be taken due to lack of a quorum.

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

Ms. Krause reviewed the report through August 2022, and highlighted the following:

- There was a nice rally in July, but the market pulled back a little in August. A lot of reaction is being seen based on anticipation of what the Feds are going to do. Inflation is still high, and the Feds have been clear they are going to be aggressive to bring inflation down.
- Year-to-date Market Returns show -16% for the S&P500, but the quarter is positive. Global Equity Markets are still down double digits. The U.S. continues to outperform International and Emerging Markets by two to three percentage points, but there are still deep negative returns. Bonds have continued to be negative. The Bloomberg Barclay's Aggregate is down to 10.75% through August. With short-term rates moving up, the Money Market is yielding roughly 2.09%.
- Two sectors year-to-date are positive; Energy is at 48.7%, which is up 48% on an eight-month basis, and Utilities is up 5.5%. The weaker sectors have been Communication Services, Consumer Discretionary, and Information Technology.
- Fixed Income continues to be under pressure, with short term rates moving up.
- The key focus is what the Feds are going to do. There are 50% odds they will go into a recession, and the average recession is ten months.
- There is a strong bias of U.S. Equity over International and Emerging Markets, Large Caps specifically. U.S. Large Caps Stocks are the best. The U.S. is in a much better relative positioning than Europe, Japan, and some of the Asian countries, so an Equity commitment maintained in the portfolio, but in an underweight position and geared towards high quality U.S. Stocks with Dividend focus.

- Regarding Fixed Income, they are looking at Government Securities, Investment Grade Corporate, High Quality Securities versus High Yield where they have an underweight position and some of the risky Fixed Income Asset Classes. The same page shows estimates for 2022 forecasts and the highlight is the U.S. GDP, which is now .8% to 1.8% for the year, which is slow growth. The third quarter looks like it is trending positive. Global Growth has been down expectation wise as well.
- The chart on Page 5 illustrates that most Global economies are in tightening phases, so they are raising rates and tightening to control inflation.
- Page 6 shows GDP forecasts and in 2023, they are thinking 1% to 1.5% GDP Growth next year.
- Page 8 shows recession indicators. There is a higher probability over the next 12 months of a recession. Many indicators have turned red, which is a warning sign. Leading economic indicators are flashing red, which means they have declined for four consecutive months. The positives are the Labor Market, so the unemployment rate and jobless claims have remained low. There are still elevated cash levels and balance sheets for the consumer and spending has remained decent, but not as strong as it was over the last year.
- Page 8 refers towards recession conditions in the next 12 months.
- Page 12 shows a line chart of the S&P since 2019. Even with the setback this year, with the S&P down 17% or so, they are still higher than the pre-pandemic high. There has still been some decent growth over the last two years. The record high was at the end of last year and there has been a steep decline with rallies in between.
- Page 17 shows the Investment Review through August. The year-to-date shows \$33.8 million in January, withdrawals were \$788,000, and a Market Value Loss of \$4.7 million, which is an unrealized loss due to the decline in Equity and Fixed Income. There has been some Interest in Dividends, but that has not balanced out the Market losses. At the end of August, they are at \$29,209,000. The line chart shows they are still higher than they were pre-pandemic.
- Page 18 is the positioning. There have not been any major changes since the last meeting. The allocation for Equities is 52.9%, which is within the 40% to 60% ranges, Fixed Income is at the bottom of the 40% range, and Cash remains at roughly 6.8%. With Equities, the focus continues to be on U.S. Large Cap Dividend Strategies, which have held up well. A couple of them are positive returns on a year-to-date basis. The Dow Jones Selected Dividend Index has done well, the Core High Dividend, and the S&P Dividend have been stabilizers in the portfolio while providing Yield. REITs have provided Yield, but they have been under pressure and the total return of REITs has been weak along with the Broader Market. Regarding Fixed Income, Investment Grade Bonds continue to provide a nice Yield to the portfolio. Even with the downturn in the Markets, they are getting decent

- income off the portfolio, which is what is needed for the Cemetery Reimbursement.
- As mentioned, the Money Market Fund is currently 2.09%, but some of the Cash equivalents are in Treasuries. Their focus is high quality, Dividend focused on Equity, but also high quality within the Fixed Income space. As they move into slowing growth and more pressure in the economy, some of the lower rated Fixed Income Securities like High Yield Bonds, will be under pressure. They are looking to move out of the Neuberger Berman High Income Fund to a higher quality Fixed Income portfolio.
 - Page 19 shows that the portfolio is down 12.87% year-to-date. The policy benchmark is down 13.7% and the relative had some outperformance. The relative outperformance versus Equities is due to the Dividend focus. The Dividend Index was down .38%, so less than 1% negative, while the S&P has been down 16% at the same time. Fixed Income is down 10.84% year-to-date. Investment Grade Bonds have been hit harder than Treasuries, but the Yield is still there and has helped with the income in the portfolio.
 - More choppy markets are expected between now and the end of the year. The focus is a long-term disciplined diversified portfolio.

Mr. Nesbitt mentioned the Houston Firefighters Pension Plan one-year-return is up .10%. He noted they are 32% invested in Private Equity and they have a huge investment in Bit Coins.

Ms. Krause stated they likely have access to investment vehicles that are not appropriate for cemeteries. She indicated that Bit Coins are not recommended; it is too early in its phase of development and there is no history or track record.

Mr. Nesbitt asked if Ms. Krause is comfortable with their portfolio. He questioned if there were any more seminars for Board members to watch.

Ms. Krause advised she is comfortable the way the portfolio is positioned, and she noted they are always looking for ways to improve higher quality with Dividend Strategies, but as far as the IPS moving forward, she thinks that is the right place to be with slightly higher Equity exposure over time. Regarding the seminars, she sent one to Ms. Spates a few days ago. They will have an internal quarterly review, probably in October, which is about an hour long, but there is a replay for another month or so.

Mr. Nesbitt commented that the seminars have been good.

C. Other Business

Ms. Spates introduced new Parks Supervisor, Raymond Meyers, who has a construction and maintenance background and is a retired Firefighter from Palm Beach

County. He works closely with Mr. Jackson and has been focused on staffing maintenance because there were some gaps.

Mr. Nesbitt mentioned the City budget and noted three or four new positions were approved from the Cemetery Fund.

Ms. Spates stated she was aware of two positions.

Mr. Nesbitt asked if Ms. Spates could pull the page from the budget and send it to the Board members.

Ms. Spates replied this is a manual process and she cannot do it at this time.

Mr. Nesbitt advised that he could pull the page. He mentioned the maintenance reimbursement the City is picking up, but as a Trustee, he would like to see what they are spending per month. Mr. Nesbitt asked how they record for the City.

Ms. Spates stated they are not recording anything; they did not ask for maintenance and are not withdrawing anything. They have not asked for a maintenance reimbursement since November or December.

Mr. Nesbitt commented that someone has to calculate this, perhaps the City's Finance Department.

Ms. Spates stated she will get to it but reiterated she cannot do it right now.

Mr. Nesbitt mentioned that as a Trustee, he would like to know what maintenance looks like, whether it is increasing, decreasing, or holding. He does not want to get into a situation that no one knows anything about.

Ms. Spates clarified the Board is not paying for it. They will ask for a reconciliation from Finance and then go through and sort it out. This might be available by the next meeting, but it might be January. Reports can be sent, and they will put it together, but the person who does that has not been in that seat for a year; they are stretched to the hilt. A lot needs to be done and she noted they would have it for the fiscal year.

Mr. Van Rees questioned why Parks and Recreation cannot have a part-time person in the office.

Ms. Spates advised someone is currently helping her with the fiscal part, which is the priority. This is not her background, and she is not going to commit to anything. She had to learn how to do this because it is a time issue. It is a tight labor market; people turn the jobs down. She is currently stretched and does not have the capacity to do anything else.

Mr. Nesbitt clarified he is not criticizing Ms. Spates; he is expressing public frustration because they are stuck, and someone needs to help.

Mr. Meyers indicated the labor force is not out there; he has gone through 100 applications and out of 20, four people showed up for interviews. He stated there is a labor shortage.

Mr. Van Rees stated that is standard even in the private sector.

Chair Kurtz commented that he noticed Loan Advisors are approving loans.

Mr. Meyers advised they have more than a few coming up in the next two weeks.

Ms. Spates indicated that Mr. Meyers has been filling the gap and taking a lot off Mr. Jackson. She hopes to have some staff members by November.

D. Communication to the City Commission – None.

4. **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 4:18 p.m.

The next scheduled meeting is Thursday, November 10, 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.