

CEMETERIES BOARD OF TRUSTEES
CITY OF FORT LAUDERDALE
Bank of America
401 E. Las Olas Blvd 21ST FL
Thursday, January 12, 2006
12:00 Noon

<u>Board Member</u>	<u>Attendance</u>	<u>Cumulative 2006</u>	
		<u>Present</u>	<u>Absent</u>
Franci Bindler	P	1	0
Walter Boyd	A	0	1
Connie Christensen	P	1	0
Joe Goldberg	A	0	1
Albert McWhite	A	0	1
Victoria Mowrey	P	1	0
Sharon Navarro	P	1	0
Ann Platt, Vice Chair	P	1	0
Larry Sherman	P	1	0
Mark Van Rees, Chair	P	1	0

Also Present

Julius Delisio, Cemetery Board Liaison
 Bruce Larkin, Director of business Enterprises
 John Moritz, Carriage Services
 Bill Avery, Carriage Services
 John C. Miller, Bank of America Portfolio Manager
 James Buchanan, Bank of America Fiduciary Specialist
 Penelope Smith, Bank of America Relationship Manager
 Jamie Opperlee, Recording Clerk

The meeting was called to order by Vice Chair Platt at 12:14.

1. Minutes Approval

A. Meeting of November 3, 2005

Motion made by Ms. Christensen, seconded by Ms. Bindler, to approve the minutes of the November 2005 meeting. In a voice vote, the motion passed unanimously.

2. Old Business

A. Sunset Memorial Gardens Building Update (Discussion)

Mr. Bruce Larkin, Director of business Enterprises, informed the Board that the project had suffered the usual issues for any construction project. He noted that this was an excellent contractor. Mr. Delisio explained that there was a change order for the electric for \$7,000 because they intended to change from 3-phase to 1-phase electric.

Mr. Delisio reported that one more change order was being evaluated to replace an 18" hedge with a permanent fence to enclose the maintenance area; this request is being evaluated by the contractor to price various types of fencing. Another \$32,000 change order had just come to our attention out required by a difference between the plans put out to bid and those used to obtain permits by from the consulting firm regarding utility connections. Chair Van Rees asked how much of the \$32,000 change order the consultant would cover. Mr. Larkin thought this would be addressed in a meeting between the Engineering Department and the consultant.

Ms. Mowrey remarked that overruns and change orders were a constant problem with the City's contractors. She felt it would be worth setting a precedent in this case of not automatically covering the cost of the change order so contractors got the message that this was no longer business as usual.

Chair Van Rees announced that two new temporary individuals were hired at Sunset. There had been some records issues there that they were presently researching to correct. He noted that Sunset was different from the other cemeteries since most of the funerals were "at need" and not pre-planned or prepaid; this made the records more error-prone. Mr. Bill Avery, Carriage Services, explained that they had centralized administration and tightened up internal controls to prevent these problems in the future.

Mr. Larkin suggested that Mr. Delisio and Mr. Avery report to the Board the changes that were made and actions taken to address the records issues. If the Board wanted further review, they could then discuss how best to accomplish this. Ms. Platt felt there should be some form of review in place to pinpoint problems and implement preventive measures.

B. Hurricane Clean-up Progress (Discussion)

Regarding Lauderdale Memorial Park, Mr. Delisio explained there was still just a bit of debris left. The real issue was the unavailability of chain link fence; the contractor had informed him that it might be a year before it was available. For the far west wall, another contractor had priced a wooden fence which would not be available for four months, and Mr. Delisio was going to obtain a price for a masonry wall as well.

Ms. Platt was concerned that an area previously designated for private estates had been sold for another purpose at Evergreen Cemetery and wanted any such change to be discussed with the Board in the future. Mr. Delisio explained that the site was for a private estate. However, this site was not compatible due to the limited size for a private enclosed mausoleum, it was sold as

an open four crypt mausoleum. Mr. Delisio explained that the four crypts are approved to be placed anywhere in the Cemetery. He also agreed with Ms. Platt that any sales in the areas designated as private estates will be brought before the Board in the future.

3. New Business

A. Financial Overview - Cemetery Operations FY2004/05 (Discussion)

Mr. Delisio had distributed copies of the Cemeteries' Financial Overview and directed the Board to refer to page 1. He reminded the Board that their fiscal year was from October to September and pointed out that during the last fiscal year, the Trust made \$481,000 in interest and dividends. After all of the year's activity, the fund had grown by \$1.5 million.

The second page showed what was paid to the Trust fund by the individual properties. He explained that they received 19% on all internment rights (property sales); for markers, they received .10 cents per square inch of the base of the monument.

On the Gross Receipts page, Mr. Delisio explained that a portion of the revenue they shared with Carriage was based on gross cash receipts. Carriage was required to pay a management fee annually, and anything in excess of 5% of \$3 million in cash receipts was then shared with the City. Mr. Delisio explained that the sheet listed total receipts less payments made to Carriage. He then described how the 5% figure was determined.

The final page showed the schedule of spending at Sunset project. It did not include the \$69,000 payment Mr. Delisio had recently requested.

B. Bank of America Trust Fund Overview/Performance (Discussion)

[This item taken out of order]

John C. Miller, Bank of America Portfolio Manager
James Buchanan, Bank of America Fiduciary Specialist
Penelope Smith, Bank of America Relationship Manager

Mr. John Miller, Bank of America Portfolio Manager, referred to the Cemeteries Trust Fund statement and explained that there were specific statement areas that could be consulted to quickly focus on key areas where money went into or came out of the account. Mr. Miller drew the Board's attention to the YTD Asset Reconciliation page and pointed out that at the start of 2005, the Trust's value was \$15,021,456; investment gain, for year-end market value of \$15,963,752.

Mr. Miller explained the rationale for distributing the assets among several types of stocks and bonds to obtain diversity. He described the different asset classes and styles of stocks and bonds as well. Mr. Miller advised that more return came from asset allocation than from security selection. Asset allocation accounted for 95% of return, while individual security selection would only contribute 5%.

Mr. Miller explained the detail of how the assets were allocated by their market value, weight, estimated income and current yield. He remarked that the old blue chip stocks had ceased to be the best performers and good managers were finding the better opportunities elsewhere.

Mr. Miller referred to the Investment Performance Review page and informed the Board that the account had an 8.9% total return in 2005, almost twice the S&P average. Regarding the account's cash flow, Mr. Miller said the goal was to ensure they had enough bonds to fund cash flow needs; the rest could be devoted to growth.

Mr. Miller stated there were actually three separate accounts in the Trust: the investment management account, the growth account and the value account. The latter two accounts were handled by account managers Tom Marsico and Laurie Essenger.

Mr. James Buchanan, Bank of America Fiduciary Specialist, introduced himself and explained that his primary responsibility was to be sure the bank adhered to agreements, regulations, and state law regarding their Trust fund management. Mr. Buchanan distributed copies of the account statement guide and the Trust account's December statement. Mr. Buchanan explained the layout of the statement and suggested they use the guide to explain any terminology they encountered that they did not understand. He pointed out that each portfolio was geared to the individual client.

Referring to the Account Summary page, Mr. Buchanan advised the Board to concentrate on Current Period Account totals each month, in particular the first four lines showing income into the account, deposits in the account, disbursements that were made and bank fees. This provided a snapshot of flows into and out of the account.

Mr. Buchanan then turned to the Account Activity Detail section and explained that every single account transaction was listed here. These were divided up by categories: income, deposits, disbursements, bank fees, purchases and sales, non-cash transactions and Money Market transactions. Mr. Buchanan drew their attention to the disbursements on Page 39 and bank fees on page 40.

Ms. Penelope Smith, Bank of America Relationship Manager, asked the Board to look at the Account Summary on page 5. She noted that this broke down the portfolio's investments into categories of cash and cash equivalents, fixed income, and equities. Ms. Smith explained the Portfolio analysis page and pointed out the Realized Gain/Loss Summary lines at the bottom. Mr. Delisio interjected that these lines were very important, since the capital improvement projects were paid for solely from the account's capital gains.

Ms. Smith then gave an overview of the Portfolio Detail Section. She advised the Board to look primarily at the summary pages each month.

C. Contractual/Capital Improvements (Discussion)

Mr. Delisio told the Board that in 1993, the City had a plan to put a large mausoleum complex at Seventh Avenue and State Road 84. Carriage wanted to move forward with this plan, and the only way to do this large capital expense was to extend the contract. Mr. Delisio wanted the Board to consider other capital improvements they would like to see over that period of time to discuss at their next meeting. The Board discussed possibilities for replacing trees, including the City's tree fund and the Broward Beautiful funding program. Ms. Mowrey felt they should contact the City's arborist, Gene Dempsey. Ms. Platt felt they could solicit donations as well.

Mr. Larkin felt that regarding the capital plan, renegotiating might be everyone's best interest, as opposed to going to a renewal but they would need to get the City Commission's permission to start negotiations first. This would enable more capital investments into the cemeteries. He had sent this recommendation to the City Manager in a report. He felt this process would be helped by a recommendation from the Board. Chair Van Rees agreed, stating they needed to begin the process since it took a full year or so to build a 500-crypt mausoleum.

The Board then discussed meeting dates for the coming year and set the following schedule:

March 2, 2006

May 11, 2006

July 13, 2006

September 14, 2006

November 9, 2006

They also planned to schedule a special meeting to discuss capital improvements in February.

4. Adjournment

There being no further business to discuss, the meeting was adjourned at 3:10 p.m.