



APPROVED MINUTES
CEMETERY SYSTEM BOARD OF TRUSTEES
MINUTES OF MEETING
CITY OF FORT LAUDERDALE
TOWER 101 - 101 NE 3rd AVENUE, SUITE 1100, 11th FLOOR
FORT LAUDERDALE, FL 33311
THURSDAY, JANUARY 9, 2025 – 3:30 P.M.

Members	Attendance	Cumulative Attendance	
		03/2024 through 02/2025	
		Present	Absent
Patricia Zeiler, Chair	P	4	1
Scott Busa	P	5	0
Chelsea Krebs	P	4	1
Dennis Ulmer, Vice Chair	A	4	1

City Staff

Amy Jean-Baptiste, Deputy Director Parks & Recreation
Linda Short, Director of Finance
Stacy Spates, Cemetery Administrator

Guests

Roger Estrada, Truist
Mark Hall, Truist
Kim Krause, Truist
Ben Rogers, Acting Assistant City Manager

1. CALL TO ORDER

The meeting was called to order at 3:30 p.m.

A. Roll Call

Roll was called.

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

It was determined a quorum was present.

C. Approval of Meeting Minutes for November 14, 2024 (Discussion/Motion)

Motion made by Mr. Busa, seconded by Ms. Krebs, to approve the meeting minutes for November 14, 2024, as amended. In a voice vote, the **motion** passed unanimously. (3-0)

2. OLD BUSINESS

A. Cemetery Software Update (Discussion)

Acting Assistant City Manager Rogers provided an update on the cemetery software, stating CemSites could not meet cybersecurity requirements and showed little interest in compliance. A meeting was scheduled to discuss next steps, with an update to follow. Parks was working on data cleanup, and procurement was exploring contract options. While the cemetery fund had exemptions from some City ordinances, software was not included, and the City was considering adding it, which would require City Commission approval. He noted the vendor's long-term viability was in question.

Chair Zeiler asked if a consultant could review the system, citing concerns about delays and resident frustrations. Acting Assistant City Manager Rogers said the City was focused on cleaning and standardizing data before selecting new software. He noted past data inconsistencies and said IT was working with consultants on migration. Discussions with procurement and legal on software exemptions were ongoing, and updates would follow.

[No audio during Mr. Busa's comments.]

Chair Zeiler said the board would be ready in March and emphasized the need to bring new members up to speed if there were additions to the group.

B. Perpetual Care Trust Fund Passive Investment Strategy (Discussion)

Ms. Kim Krause, on behalf of Truist, introduced team members Mr. Mark Hall and Mr. Roger Estrada.

Mr. Hall provided an overview of Truist and described their investment management, administrative support, fiduciary services, and specialized reporting. He highlighted their role in risk management, regulatory compliance, and connecting the board with state agencies for cemetery-related inquiries. He noted their assistance with various projects, including irrigation and fencing, and emphasized their industry expertise and collaboration with other providers. Mr. Hall reaffirmed their commitment to supporting the City in maintaining cemeteries and simplifying complex processes.

Mr. Rogers discussed fiduciary responsibility, emphasizing the board's duty to manage assets responsibly and uphold financial obligations. He outlined three key components: duty of care, duty of loyalty, and duty of responsibility, stressing the importance of informed decision-making and avoiding conflicts of interest. He explained the role of outsourced Chief Investment Officers (CIOs) in managing risk and ensuring compliance, noting that his firm acts as a discretionary CIO, overseeing assets per the investment policy. He highlighted different management approaches and the importance of continuous monitoring to mitigate risks.

Discussion ensued about legal risk and liability for board members.

Ms. Krause provided an overview of the City's investment approach, highlighting the

firm's 14-year partnership in managing the cemetery trust. She explained the customized investment strategy, fiduciary responsibilities, and efforts to balance risk while ensuring long-term growth. She noted the 6.4% average return since inception, exceeding the 5% target with low volatility. She emphasized diversification, risk management, and active portfolio adjustments based on market conditions. She also reviewed the trust's historical performance, showing growth from \$20 million in 2011 to \$36.3 million by the end of 2023. She reiterated the firm's commitment to the City and welcomed questions.

Mr. Busa opposed breaking contracts and requested a review of existing and future agreements. Ms. Krause said Truist's advisory fee was 0.25% of assets, about \$80,000 annually, covering trustee, investment advisory, and custody services. She noted Truist does not offer trustee services alone, so a new custodian would be needed if the City moved away.

Finance Director Linda Short stated that bringing cemetery operations in-house improved financial oversight, reducing the need for trust withdrawals. She recommended shifting investment management to the City's finance department, eliminating board fiduciary responsibility. The City's passive strategy has matched active management performance without added fees, and the transition could save costs while ensuring compliance.

Chair Zeiler stated she valued Truist's services but acknowledged the decision would require board consensus, especially with potential new appointments. She supported continued evaluation and emphasized the need for a clear comparison of options. She also sought clarification on whether an ordinance change could shift fiduciary responsibility to the City's finance department.

Ms. Short stated that any transition would require board support, followed by an ordinance change taking three to four months. Implementing the asset transition would take about a year, with updates provided between meetings as the process progressed.

Ms. Krause reviewed the investment summary, noting a \$3.3 million market value increase in 2024. She reviewed portfolio performance, highlighting a diversified approach favoring U.S. large-cap stocks and balanced exposure to bonds and index funds. She discussed market trends, emphasizing the influence of major stocks and economic resilience. She projected continued market growth in 2025 but warned of potential disruptions from policy changes, tariffs, and inflation. Ms. Krause assured ongoing monitoring and active portfolio management, inviting board members to an upcoming call on the 2025 outlook.

Ms. Short stated that the City's investments are in Vanguard index funds with no active management fees, rebalanced quarterly to stay within policy limits. The cemetery trust's allocation shifted from 50/50 equity-to-fixed-income to 55% equity. Her analysis used a 45% domestic equity, 10% international equity, and 45% fixed income target. She offered to share investment details and recommended the same index funds for the board.

Discussion continued about contract and annual fees.

Mr. Busa stated that no decisions would be made today, noting upcoming new board members and the need to review the information again.

Chair Zeiler supported holding a special session once all details were available, noting the complexity of investment matters and the need for thorough discussion, especially for those less familiar with the market.

3. NEW BUSINESS

A. Communication to the City Commission

None.

4. ADJOURNMENT

Chair Zeiler asked about the status of the mausoleum project and whether construction had begun. Ms. Jean-Baptiste confirmed that the project was moving forward as planned. Chair Zeiler also inquired about the cost breakdown. Ms. Short explained that for accounting purposes, CIP funds were separated from operations since CIP spans multiple years, while operations close each fiscal year. She clarified that the CIP plan was funded by operations, not the trust fund.

The Board, Ms. Short, and Ms. Spates discussed the cemetery audit, financial management, and long-term revenue sustainability. Management planned to work with the board to determine the minimum operational fund balance, while finance and parks staff disputed audit concerns about surplus funds and trust withdrawals. The audit findings would be presented at the January 22nd City Commission meeting. They also discussed pre-need funds still held by Carriage and options for resolving the issue, including negotiations or outsourcing management to a third party, while considering potential conflicts of interest.

Mr. Busa asked if software issues impacted Carriage negotiations. Ms. Short said they were unrelated but noted Carriage's lack of cooperation. She stated CemSites main issue was poor data security, preventing IT approval.

There being no further business to come before the Board, the meeting was adjourned at 5:00 p.m.

NEXT SCHEDULED MEETING: Thursday, March 13, 2025 - 3:30 P.M.