

BOARD MEETING

MINUTES

March 8, 2017

The North Carolina Board of Funeral Service met for a duly scheduled Board Meeting at 9:00 a.m. on March 8, 2017, at the Board's office, 1033 Wade Avenue, Suite 108, Raleigh, North Carolina.

Present: Charles Graves, President; Matt Staton, Vice President; Craig Olive, Secretary; Mark Blake, Mike Stone, Valdus Lockhart, Don Brown and Steve Herndon. Absent: Kelly Byrd.

Also Present: David Shehdan, Executive Director; Christina Cress, General Counsel; Staff members Brett Lisenbee, Compliance Liaison; Lyn Cochrane, Darrell Cagle and Chuck Grunewald; Dorman Caudle with Carolina Donor Services; Bill Forsberg, Executive Director of the North Carolina Funeral Directors Association; Catherine Ryan with Vital Records; Fred Jordan with Miracles in Sight; Attorney Henry Lancaster II, Funeral Directors & Morticians Association of N.C., Inc.; H. D. Pope, Funeral Service Licensee; Blair Nelson with SCI; Jeff Gray and Maggie Craven, the Board's Administrative Law Counsel with Bailey & Dixon.

Mr. Graves called the meeting to order at 9:08 a.m., led the Pledge of Allegiance and had the invocation.

Mr. Graves read the Ethics Statement. Mr. Lockhart stated he would recuse himself from participation in the Disciplinary Matter regarding C16-098 because of the appearance of a conflict of interest.

Mr. Graves reminded everyone to turn off their cell phone ringers. Mr. Graves stated that former Board Member and 1971 Board President, Frederick Rhodes, had passed away. Mr. Graves welcomed new Board Member Steve Herndon. At this time, Marty Mills entered the meeting and swore in Mr. Herndon. Mr. Graves stated the NC State Ethics Commission cleared Mr. Herndon but stated there could be the potential for a conflict of interest to arise if any matters involving his individual funeral service license or the licenses or permits of anyone associated with Padgett & King Mortuary come before the Board.

Mr. Olive presented the February 8, 2017, minutes and stated they had previously been mailed. Mr. Olive made the motion to approve and Mr. Stone seconded. The motion carried.

Mr. Shehdan introduced Catherine Ryan, State Registrar and Director of the North Carolina Vital Records. Ms. Ryan updated the Board Members on the status of the electronic death registration. Questions ensued.

Public Comment: There was none.

Preneed Committee: Mr. Blake stated the Committee met via teleconference and makes the following recommendations:

The Committee reviewed a request from a consumer who now resides in Maryland to an existing revoke a North Carolina preneed contract. The supporting documentation appears to provide the required information and the Preneed Committee recommendation is to allow revocation of the irrevocable preneed contract and transfer of funds to the successor funeral establishment in Maryland.

The Committee reviewed Preneed Recovery Fund Claim Number P15-012 in the amount of \$1,800.00, and recommended approval of the claim in the amount of \$1,800.00.

The Committee reviewed Preneed Recovery Fund Claim Number P15-026 in the amount of \$9,472.20, and recommended approval of the claim in the amount of \$9,472.20.

The Committee reviewed Preneed Recovery Fund Claim Number P15-033 in the amount of \$5,000.00, and recommended approval of the claim in the amount of \$5,000.00.

The Committee reviewed Preneed Recovery Fund Claim Number P16-004 in the amount of \$1,160.00, and recommended approval of the claim in the amount of \$1,160.00.

The Committee reviewed Preneed Recovery Fund Claim Number P16-042 in the amount of \$7,600.00, and recommended approval of the claim in the amount of \$7,600.00.

The Committee reviewed Preneed Recovery Fund Claim Number P16-049 in the amount of \$4,935.00, and recommended approval of the claim in the partial amount of \$500.00.

The Committee reviewed Preneed Recovery Fund Claim Number P16-055 in the amount of \$7,038.08, and recommended approval of the claim in the amount of \$7,038.08.

The Committee reviewed Preneed Recovery Fund Claim Number P17-003 in the amount of \$9,326.09, and recommended approval of the claim in the amount of \$9,326.09.

At this time Ms. Ryan departed the meeting.

Mr. Olive made the motion to accept the recommendations of the Preneed Committee for all matters. Mr. Brown seconded the motion and the motion carried.

Disciplinary Committee: Mr. Lockhart stated he will not participate in the discussion or vote of C16-098 and presented the following case numbers: Summary Dismissals—C17-018; C17-019; Dismissals—M16-048 and Concurrent Case C16-029; C17-001; C17-007; C17-008; C17-009; C17-010; Letters of Caution—C16-029 and concurrent Case M-16-048; C17-012; Consent Orders—C16-070; M16-055; V12-011/C14-017/C15-019; M16-054; M17-002 and Concurrent Case C17-025; Notices of Hearing—M15-005; Other Matters—M15-002. Mr. Lockhart made the motion to accept the recommendations. Mr. Staton seconded and the motion carried. Mr. Graves made the motion to accept the recommendation for C16-098. Mr. Olive made the motion to approve the recommendation and Mr. Staton seconded. The motion carried. Mr. Lockhart did not participate in the vote of C16-098.

Continuing Education Committee: Mr. Graves stated the Committee met by teleconference on February 17 to discuss three continuing education courses.

Course #1—Selected Independent Funeral Homes – Spring Management Summit – a) 7 Proven Marketing Strategies; b) Inbound Marketing; c) Creating a Championship Mindset for Staff Team; and d) What Makes a Great Life

Course #2—Dodge Technical Seminar – Almost Anything is Possible: Recreation of Physical Features for Identification – Note: 1 hour credit is requested. The remaining courses totaling 9 hours are already approved.

Course #3—Wilmington Funeral & Cremation – Mitchell’s Journey. Note: Mr. Shehdan spoke with the instructor encouraging the course design to include a little more professional development along with the already well-received testimonial that aids in serving the public.

The Committee also recommends that any licensee who attends an NCBFS Board Meeting will receive Continuing Education Course credit unless the licensee required by the Board or staff to attend the meeting as part of a disciplinary matter. The proposed amount of CEUs are three (3) credit hours.

The Committee recommends all three courses along with the proposal for Board Meeting attendance credit be approved. Mr. Olive made the motion to accept all recommendations by the Committee. Mr. Staton seconded and the motion carried.

Crematory Authority: Mr. Staton stated the Crematory Authority met via teleconference on February 22 at 9:00 a.m. Attending were Mr. Graves, Mr. Headley, Mr. Shaver, and Mr. Hundley. Mr. Staton was not able to attend. New officers were elected as follows: Mr. Headley elected to continue as Chair; Mr. Shaver as Vice Chair; and Mr. Hundley as Secretary. The Authority is considering the recommendation from the Crematory Association of North America (CANA) to allow online certification and re-certification for Crematory Operators. After review of additional information requested from CANA, the Authority will vote on acceptance or rejection. The Authority recommends approval of the elected officers for 2017. Mr. Brown made the motion to accept the 2017 Crematory Authority officers. Mr. Olive seconded and the motion carried.

Technology Committee: Mr. Olive stated the Committee met via teleconference on February 23 at 9:30 a.m. Mr. Byrd was unable to join the meeting. The following items were discussed:

- . Introduction of Chuck Grunewald, IT Manager who began on February 13th.
- . Server replacement – priority
- . Website – vendor contacts are in process
- . Becoming familiar with the IT infrastructure
- . Enhancement of the IT Priority list
- . Database replacement research and planning

The staff intends to replace the existing server as a priority item. The new server will have cloud-based back-up, needed space to house all data objects to enable document searching, and provide additional security. Mr. Stone made the motion to accept all recommendations and Mr. Staton seconded. The motion carried.

Trainee Committee: Mr. Blake reported the Committee met prior to the Board meeting. Four trainees were requested to attend. Trainee #1 was late with June 2016 and November 2016 work reports. Recommendation is to lose credit January, February and March 2017 and resume traineeship April 1, 2017. Trainee #2 was suspended in October 2016 for missing August 2016 and September 2016 work reports. Recommendation is to lose credit for October, November and December 2016 and January and February 2017 and resume traineeship immediately. Trainee #3 was late with November and December 2016 and January 2017 work reports. Recommendation is lose credit for February 2017 and resume traineeship immediately. Trainee #4 was late with September 2016 and January 2017 work reports. Recommendation is to lose credit for February and March 2017 and resume traineeship April 1, 2017. Mr. Blake made the motion to approve the Trainee Committee recommendations. Mr. Staton seconded and the motion carried.

Finance/Personnel Committee: Mr. Lockhart stated the Committee had not met since the last meeting. Mr. Lockhart stated he had met with the auditors, Mr. Shehdan, Ms. Cochrane and Ms. Devine to discuss the 2016 financial audit. The audit went well and Mr. Shehdan would talk more about it during his report. Mr. Shehdan stated the deferred income has now been moved into the current year.

Mr. Lockhart reviewed the financials and made the motion to approve. Mr. Olive seconded and the motion carried.

Executive Directors Report: Mr. Shehdan stated the auditors were recommending under the Contingency Fund that the Litigation Fund be increased \$25,000 and to establish an IT Enhancement fund designating \$100,000. Discussion ensued. Mr. Olive made the motion to approve the recommendation and Mr. Lockhart seconded. The motion carried.

A Temporary Services line item has also been added. This will cover any employee hired on a temporary basis. The office is now operating with a full staff and the Board, with the addition of Mr. Herndon, is now a full board.

The auditors also recommended outsourcing the payroll and staff is looking at a target date of July 2017. Mr. Grunewald is researching vendors for this outsourcing.

Inspectors are now catching up on the central and western parts of the state. Mr. Shehdan thanked the inspectors.

New Board Member Training, as required by NCGS 93B-2, took place yesterday. Board Members Mr. Brown and Mr. Herndon, Staff Members Mr. Grunewald, Inspectors Lisenbee, Green, Hall and Cagle were in attendance.

The Preneed Annual Report portal is now open and reports are being completed and submitted.

Mr. Shehdan, Ms. Cress, Mr. Graves and Mr. Blake met with Representative Boles to discuss the upcoming Legislature. Phil Gaffney, Brad Bailey, Representatives Hunter and Alexander and Representative Boles aide, Trevor "Nute" Thompson, also attended. Mr. Shehdan deferred to Ms. Cress to discuss the meeting. Discussion ensued regarding HB296 and whether it may serve as the basis for our draft proposed Legislation. There is a potential of some provisions to be added back by the General Assembly members.

Mr. Shehdan, Ms. Cress, Mr. Olive and Mr. Graves attended the 113th ICFSEB Conference March 1st and 2nd. Mr. Shehdan thank Ms. Cress for sending out information regarding the topics covered during the conference.

Staff is proposing two days of "hearings only" Board Meeting on April 12th and 13th (no business segment). Mr. Olive made the motion and Mr. Brown seconded. The motion carried.

Mr. Shehdan reminded Board members of the 2017 SEI forms to be filed by April 15th and reminded the Board that at the February meeting, the Board approved canceling the June meeting.

Discussion ensued regarding a potential merger of the Board with the Cemetery Commission. Public comment was invited and Mr. Lancaster spoke regarding the consumer impact of a potential merger. Discussion continued and Mr. Stone made the motion to draft a Memorandum of Understanding. The MOU would include increasing the understanding of each other's statutory provisions and operations. Mr. Staton seconded. Mr. Herndon, Mr. Olive, Mr. Staton, Mr. Blake, Mr. Stone and Mr. Graves voted yes. Mr. Lockhart and Mr. Brown voted no and the motion carried. Mr. Shehdan will form a task force to draft the non-binding memo and will attend the next Cemetery Commission quarterly meeting.

At this time Mr. Graves called for a five-minute recess.

Attorney's Report: Ms. Cress stated there were 4 hearings scheduled. Three were resolved by consent order and one hearing was scheduled to be heard today. Ms. Cress reviewed the disciplinary matters and stated she had been monitoring HB142 and HB152.

At this time Mr. Pope departed the meeting.

Ms. Cress stated she has one item under new business. Proposed language was submitted to the Rules Review Commission staff counsel to be pre-reviewed to speed things up in the review process. Ms. Cress has sent this to the Board Members over the weekend. Counsel has pre-reviewed the modifications to the language which did not significantly change the intent behind the original rules drafts. Ms. Cress would like Board to take a vote to approve the revised text that has been pre-reviewed by two staff counsel for the Rules Review Commission. This vote would authorize Ms. Cress to begin the permanent rule making process and file notice of text as it pertains to the adoption of 21 NCAC 34B .0617 and 21 NCAC 34B .0618.

Mr. Lockhart made the motion to approve the proposed language change. Mr. Olive seconded and the motion carried.

Ms. Cress presented two flow charts. One to show permanent rule making steps and one to show the overview of the mandatory periodic review and explained both to the Board members.

Compliance: Mr. Lisenbee presented the following information.

As of March 7, 101 preneed annual reports have been submitted online.

There have been 1,807 preneed contracts recorded since the last Board report; approximately 1,622 Certificates of Performance have been processed. There are 179,158 active contracts as of March 2, 2017, and preneed contracts have been enter through March 3, 2017. There are 1,657 individuals licensed to sell preneed as of March 6, 2017.

Mr. Lisenbee reported that in January 2017: 25 funeral establishments were inspected, 19 preneed examinations were conducted, 10 crematories were inspected, 1 chapel was inspected, 1 unaffiliated practitioner, and 2 mutual burial associations were inspected. Inspectors fielded 198 compliance phone calls and responded to approximately 5 compliance opinions via email. Individual inspector reports were provided for the Board to review.

New Funeral Homes: Serenity Memorial Funeral & Cremations, LLC, Goldsboro; Johnson & Sons Funeral Home, Reidsville; Rivers-Morgan Funeral Home & Cremation of Greenville.

Funeral Home Change of Ownership: Evans Funeral Home & Crematory, Lenoir; Boles Funeral Home, Rowland; Boles Funeral Home, Red Springs; Saint Paul Boles, St. Pauls.

Unaffiliated: Joseph Bonner Paul.

Crematory Ownership Change: Evans Cremation Center, Lenoir.

New Funeral Director Licensees: Myron Harris.

New Transporters: Robert Lewis Joyner, Jr.

New Trainees: Barbara Addison, Andrew Bahanovich, Thomas Benjamin, Carrie Carter, Francis Dattolo, Jimmi Lowe, Tyler Master, Laura Osborne, Shannon Whitfield, Brent Woodruff.

Mr. Lisenbee stated he was working on a Standard Operating Procedures manual as requested by the State Auditors and will be presenting the draft after conferring with Mr. Shehdan and staff.

Mr. Lisenbee stated he performed an examination of Colored Unity Mutual Burial Association with Inspector Cagle on January 31st. Restitution by Garris Funeral Home to the Association has been made as required and the dissolution of the MBA is now in process. It is the inspector's recommendation that all bank accounts and certificates of deposit previously frozen by order of the Board be unfrozen to allow the association's Secretary/Treasurer to transfer funds into a checking account in order to make approved disbursements necessary to dissolve the association. Another examination will occur on March 21, 2017. Mr. Olive made the motion to unfreeze the accounts and Mr. Staton seconded. The motion carried.

Old Business: There was none.

New Business: Ms. Cress stated that a technical changes bill has been introduced which, if enacted, would cause the North Carolina Department of Revenue privilege licenses to no longer read "mortician" but rather funeral service, funeral director or embalmer.

Mr. Staton made the motion to approve the 2016 audit that was performed in February. Mr. Lockhart seconded and the motion carried.

Mr. Blake stated an e-mail address has been created by staff for trainees to correspond with staff questions. The e-mail address is trainee@ncbfs.org.

Mr. Blake also stated it had come to his attention that some preneed counselors are circling the irrevocable block on preneed contracts for the beneficiaries to initial instead of giving them the option of initialing revocable or irrevocable. Mr. Shehdan will make note of this in the next newsletter.

Public Comment: There was none.

Mr. Graves made the motion to go into closed session to discuss a personnel matter. Mr. Olive seconded and the motion carried.

Upon motion by Mr. Blake and second by Mr. Staton, the Board returned to open session.

The meeting then recessed until the hearing.

Upon proper motion, the meeting was adjourned.

Charles Graves, President

Craig Olive, Secretary