



NORTH CAROLINA BOARD OF FUNERAL SERVICE

Minutes
June 9, 2021, Board Meeting

The North Carolina Board of Funeral Service met for a duly scheduled Board meeting at 9:00 a.m. on June 9, 2021, at the NC Board of Funeral Service office suite at 1033 Wade Avenue, Suite 108, Raleigh, NC 27605.

Present: Don Brown, President; Chris Watson, Vice-President; Steven Lyons, Secretary; Mark Blake; Steve Herndon; Hubert Saunders; Robb Jansen; Darrell McCormick; and Thomas Hilderbrand.

Staff and Counsel: Amy Acord, Assistant Director; Catherine Lee, General Counsel; and Brett Lisenbee, Compliance Officer.

Guests and Visitors: Dorman Caudle, Funeral Service Liaison, HONORBRIDGE.

Mr. Brown called the meeting to order at 9:02 a.m. and welcomed attendees. Dr. Lyons offered the invocation. Mr. Brown then read the Statement of Ethics and asked if any members would be recusing themselves. Mr. Blake said that he would be recused from disciplinary matters C21-0045 and M21-0046. Mr. Brown then asked if any of the guests or visitors wished to offer any public comment. None offered. Mr. Brown noted for the minutes that Mr. Davis would be absent for medical reasons.

Approval of Minutes

Mr. Brown asked Dr. Lyons to present the minutes from the May 12, 2021, Board meeting. Dr. Lyons invited questions or suggested revisions. None were offered.

Upon a motion by Dr. Lyons and a second by Mr. Hilderbrand, the Board voted unanimously to adopt the minutes from the May 12, 2021, meeting.

Mr. Brown continued the meeting and recognized Mr. Blake for the Finance and Personnel Committee report.

Finance and Personnel Committee Report

Mr. Blake stated that the Finance and Personnel Committee met on Thursday, June 3, 2021, by conference call to review the financial reports for the period ending April 2021. Following is the text of the Committee's report to the Board:

Mr. Blake opened the meeting and thanked members for their attendance. He noted that the Committee would be reviewing the financial reports for the period ending April 2021, along with

information from staff regarding the employee health insurance benefit program. Mr. Blake asked Mr. Davis to apprise the Committee on the financial reports.

Mr. Davis summarized the balances shown on the Statement of Net Position and noted that the Preneed Recovery Trust Fund balance was \$400,784.37 representing an increase over the prior reporting period which showed a balance of \$382,686.67. Mr. Davis reported that for the same period in 2020, the Trust Fund balance was \$359,027.25 and said that the growth in the balance over the 12-month reporting periods was reassuring. He recognized, however, that the Trust Fund balance will fluctuate in response to claims paid and deposits made to the Fund. He also explained why the Trust Fund balance shown on the audited financial statements prepared by Bernard, Robinson & Company as of December 31, 2020, do not align exactly with the balance reported on the December Statement of Net Position prepared by Thomas, Judy & Tucker. He noted that the audited financial statements reflect total assets less current and non-current projected liabilities which generates a net balance for the Trust Fund as of the end of the fiscal year. In contrast, the monthly financial reports a balance that includes revenues from the designated portion of preneed contract filing fees that are earmarked for the Trust Fund. He noted that these revenues occur at different time during the fiscal year depending on when the designated funds posted to the Board automated licensing system have been reconciled with the actual deposits to the Board's operating fund [Enterprise Fund]. The audited balance shows an amount that is static at a particular point in time. The balance shown on a monthly financial report is dynamic and results from actual claims paid for a particular reporting period and actual deposits based on reconciliation of the amounts posted to the iGov system and the funds deposited in the bank. Brief discussion ensued.

Mr. Davis continued his summary and highlighted other balances on the Statement of Net Position under Current Liabilities and Net Position. He concluded by stating that the Board's net position is strong as evidenced by the recently completed annual audit of the Board's financial statements for FY2020.

Mr. Blake then asked Mr. Davis to summarize the Statement of Revenue and Expenditures. Mr. Davis first explained the balances shown under License Fee Revenue and Other Revenue including comparisons with the balances reported for the same period in 2020. He noted that the revenue collections as of April 2021 were trending nearly the same as for the April 2020 period and that Total Revenue collections were at 59.2% compared to 54.6% for the same period in 2020. Brief discussion ensued. He continued his summary by reporting that staff were closely monitoring all line items under Expenditures which exceeded the April benchmark percentage of 33.3%. He highlighted several line items which indicated balances that were higher than expected but noted that he and Ms. Acord were reviewing check registers to determine exactly what had been paid compared to what was reported on the Statement of Revenues and Expenditures. He also noted that the expenditures as of April 2021 were at 36.2% which is slightly higher than the 33.3% benchmark percentage for April. He concluded his summary by reporting that the budget is tracking slightly higher than in FY2021 but only by 2.9%. Brief discussion ensued.

Mr. Blake said that he would be glad to answer any questions from Board members about the financial report and noted that Ms. Acord could offer information as well. Brief discussion ensued. Mr. Brown then invited a motion for the approval of the financial reports for the period ending April 2021.

Upon a motion by Mr. Blake and a second by Mr. Jansen, the Board voted unanimously to accept the Financial Reports for the period ending April 2021.

Mr. Blake continued his report to the Board and said that the Committee briefly discussed employee health benefits as follows:

Mr. Davis noted that the premium adjustments for the 2021-22 health plan year would have minimal impact on the costs to the employees or to the Board. He noted that of the two health insurance options currently offered to employees, the premium adjustment for one decreased and the other increased by .5%. He reported that staff have alerted the Board's insurance agency of a need to review the employee health insurance and supplemental insurance options for vision, dental, and disability for the next plan year. Mr. Davis said that he and Ms. Acord have requested other options for consideration, and which would decrease employees' out-of-pocket, deductible and co-pay costs. He also noted that staff would solicit similar information from the Board's 401-k provider as well as other insurance companies to identify the most cost-effective benefit packages possible with at least comparable coverage. He said that staff would bring a proposal later in the year to the Committee for their assessment and review.

Mr. Blake invited questions. None were offered. Mr. Brown thanked Mr. Blake for his report and then recognized Mr. Herndon for the Disciplinary Report.

Disciplinary Committee Report

Mr. Herndon stated that the Disciplinary Committee met to consider and discuss cases and recommendations from General Counsel Catherine Lee for the following cases. He noted that Mr. Watson would be presenting Case Nos. C21-0039/0040 and Mr. Herndon and Dr. Lyons recused themselves from voting on these matters.

Summary Dismissals

C21-0043 C21-0051 C21-0052 C21-0053

Dismissals

C21-0039/C21-0040 C21-0041 C21-0042 C21-0044 C21-0045 C21-0046

C21-0047 C21-0049

Letters of Caution

M21-0035 M21-0036 M21-0037 M21-0038 M21-0039

Notices of Hearing

C21-0029/M21-0040 M21-0024 M21-0050 M21-0051 through M21-0070

Other

M21-0042 M21-0043 M21-0044 M21-0046 M21-0047

Mr. Herndon invited any questions or comments from Board members. Brief discussion ensued.

Upon a motion by Mr. Herndon and a second by Mr. Saunders, the Board voted in the majority to adopt the recommendations from the Disciplinary Committee as presented with the exception of C21-0039/C21-0040.

Upon a motion by Mr. Watson and a second by Mr. Herndon, the Board voted in the majority to adopt the Committee's recommendations in the matter C21-0039/C21-0040. Mr. Herndon and Dr. Lyons recused and did not vote.

Technology Committee

Mr. Hilderbrand reported that the Technology Committee met by conference call on Monday, June 7, 2021, at 9:00 a.m. He offered the following Technology Committee minutes:

Mr. Hilderbrand welcomed committee members and thanked them for their attendance. He noted that staff had asked to convene the meeting to discuss technology improvements and acquisitions to support remote meetings and livestreaming of Board meetings. He asked Mr. Davis for an overview of the primary issues for the Committee's discussion and consideration. Mr. Davis stated that his request was in response to prior Board discussions regarding the capability for livestreaming Board meetings and for assuring that the technology currently in use was sufficient for broadcasting meetings as well as hosting remote meetings when necessary. He noted that since the pandemic began in 2020, the Board responded quickly in May 2020 by relying upon WebEx technology for meeting remotely and then offering livestreaming through YouTube as an interim method for assuring licensees' access to Board meetings particularly for acquiring continuing education credit. Mr. Davis explained that he had sent committee members a quote from a Raleigh-based firm that had been recommended by the Board's information technology vendor, but he stated that the quote was not a final quote and would be amended by the firm after he and Ms. Acord reviewed it with the firm's representative.

Mr. Davis stated that the reason for furnishing the quote was to trigger the Committee's discussion and consideration for assessing the audio-visual needs in the Board room to assure improved streaming and remote capacity. He said that the primary objective in meeting was to begin discussion on this issue and to prompt Board consideration for the acquisition and installation of sufficient technology on a permanent basis for livestreaming Board meetings, conducting remote training for licensees; assuring remote access by respondents, attorneys, and witnesses during disciplinary hearings; and to expand the Board's communication capability with licensees. He noted that the current set-up for these purposes was pieced together by the Board's IT vendor in early to mid-2020 but that their expertise was not in audiovisual technology. They have recommended that the Board explore more permanent options for livestreaming the meetings and offering remote connectivity.

Members discussed these technology issues in detail. Mr. Jansen expressed concerns about the cost for the quote that had been sent, and Mr. Davis responded that the quote was only to offer a starting point for discussion and would be amended to offer a more accurate reflection of the Board's needs. Mr. Saunders asked to what extent existing equipment could be used and was there a need to replace current hardware in the Boardroom. Mr. Hilderbrand said that it would be advisable to gather additional quotes. Mr. Davis explained that the Board's practice is to require a minimum of three quotes on major proposed acquisitions and that the cost would be capitalized over a period of years. Mr. Hilderbrand asked if funds had been designated in the budget for the acquisition of technology, and Mr. Davis explained the IT Fund Balance on the Statement of Net Position. Members continued their discussion in terms of costs, needs for technology, and capacity of a new system and agreed that staff should continue to research the issue and reconvene the Committee for further discussion.

Mr. Hilderbrand then asked about the Committee's role in planning and implementing a Preneed Services portal on the Board's website to facilitate the preparation and submission of preneed contracts, documents, and records. Brief discussion ensued.

Mr. Hilderbrand stated that the Committee had an active and detailed discussion regarding the need for technology enhancements to the Board room to facilitate remote broadcasting and interconnectivity. Mr. McCormick said that staff should consider discussing the technology needs for the Board room with a technology consulting firm. Mr. Hilderbrand noted that the Committee was recommending that staff continue to explore options for identifying appropriate and cost-effective technology, to gather additional quotes, and to reconvene the Committee at a later time for further discussion.

Mr. Brown thanked Mr. Hilderbrand for his report to the Board and invited any questions from members. Brief discussion ensued.

Upon proper motion by Mr. Hilderbrand, the Board voted unanimously to adopt the Technology Committee recommendations as presented.

Executive Director's Report

Ms. Acord presented the following topics on behalf of the Executive Director:

- FTC Review of The Funeral Rule

At the May meeting, Mr. Blake asked for an update on the review of the Funeral Rule that the FTC announced in early 2020. To date, there has been no information from the FTC regarding their review, and we understand that this is an on-going process without any clear target date for completion. Mr. Davis contacted the FTC and The Conference. He understands that the review has not been completed and there has been no information regarding the review that's been announced or published by the FTC. We will continue to monitor the status of the review and keep you informed.

- "Regulations in Licensing"

The Conference has made available an updated version of its "Regulations in Licensing" which offers a state-by-state comparison of license categories, licensure requirements, fees, resident traineeship programs, and preneed programs. We will be sending each of you a link to this online publication for your information and review.

- Cremation Rates in North Carolina

We have received a request from the Raleigh News and Observer for any metrics that we can provide on cremations. They are planning a feature story on cremation rates in North Carolina and whether those rates are increasing as part of a national trend in shifting from traditional earth burials to cremations. Studies by the National Funeral Directors Association have projected a steady increase in cremation rates nationally. The News and Observer has information from the State Center for Public Health Statistics suggesting that the cremation rate in North Carolina is more than 50%.

Nationally, the cremation rate is 56.1% which represents 1,844,164 cremations for 3,358,697 reported deaths in 2020. This rate compares with 54.6% in 2019 which represents 1,563,164 cremations for 2,864,869 reported deaths. By 2025, CANA projects that cremations will climb to 65.2% and then to 72.8% in 2030.

As a comparison, cremations performed in the United States in 2005 were at 32.4%. That number rose to 40.8% by 2010, and 48.6% by 2015.

According to the NFDA Cremation and Burial Report, the cremation rate for North Carolina in 2020 was 50.6%. Earth burial was 46.7%

Ms. Acord concluded her comments by reminding members that she had included the inspections and licensure reports in a prior mailing for their review. She invited any questions. Brief discussion ensued.

Legal Report

Ms. Lee reported the following activity to the Board:

Current Active Cases: 78

Pending Investigation:	13
Pending Review by Disciplinary Committee:	2
Pending Dispositive Action:	47
Pending Hearing:	9
Post-Hearing:	0
Other:	7

New files opened since last Board meeting:	36
Notices of Hearing sent since last Board meeting:	4
Consent Orders received since last Board meeting:	3
Cases reviewed by Disciplinary Committee since last Board meeting:	47

Ms. Lee then presented a recommendation for the voluntary dissolution of Walter Sanders Mutual Burial Association [M21-0048]. Ms. Lee reported the circumstances associated with the proposed dissolution of the MBA and invited any questions from members. Brief discussion ensued.

Upon a motion by Dr. Lyons and a second by Darrell McCormick, the Board voted unanimously in favor of the request by Walter Sanders Mutual Burial Association for voluntary dissolution.

Mr. Brown then opened the meeting for any Old Business items. None were offered. He then asked for any New Business items. Mr. Blake expressed concern that the NC Department of Revenue had improperly billed licensees for their 2021-22 Privilege Tax. He reported that some licensees have told him they were billed for both an Embalmer license and a Funeral Director license if they held a Funeral Service license. It appeared to him that the NCDOR was not aware that the Funeral Service license enables practice in two distinct areas but is a single license. Members discussed this issue and agreed with Mr. Blake's concerns. The Board directed that staff contact the NC Department of Revenue to bring the matter to their attention and to seek resolution.

Mr. Brown then stated that the Board would convene in closed session pursuant to NCGS 143-318.11 to deliberate on proposed Consent Orders. Prior to convening in closed session, Mr. Brown noted that the respondents in M20-0111 *et al* were attempting to join the meeting remotely to answer questions the Board might have prior to their deliberation on a proposed Consent Order. The remote connection was

unsuccessful, and the Board agreed that the matter should be postponed for review and deliberation until the August 2021 Board meeting.

Upon a motion by Mr. Herndon and a second by Mr. Watson, the Board voted unanimously to convene in closed session.

Upon a motion by Mr. Blake and a second by Mr. Herndon, the Board voted unanimously to reconvene in open session.

Mr. Brown asked for any motions resulting from the Board's deliberations.

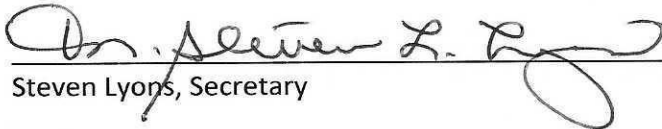
Upon a motion by Mr. Herndon and a second by Mr. Blake, the Board voted unanimously to accept the proposed Consent Orders for M21-0009 and M20-0117.

Without further business before the Board and upon proper motion and vote, the Board adjourned the meeting.

Affirmation:



Don Brown, President



Steven Lyons, Secretary

8-11-2021

Date