



NORTH CAROLINA BOARD OF FUNERAL SERVICE

Minutes
December 8, 2021, Board Meeting

The North Carolina Board of Funeral Service met for a duly scheduled Board meeting on December 8, 2021, at the N.C. State University Club at 4200 Hillsborough Street, Raleigh, North Carolina.

Present: Don Brown, President; Chris Watson, Vice-President; Steve Herndon; Hubert Saunders; Robb Jansen; Thomas Hilderbrand; and Darrell McCormick. Mr. Blake, Dr. Lyons and Mr. Jansen were unable to attend.

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

Guests and Visitors: Ms. Sarah Williams, President, NC Funeral Consumers Alliance.

Mr. Brown called the meeting to order at 9:03 a.m. and announced that the Board would begin with two disciplinary hearings. He stated that the first hearing would be in the matter of Jaquan Devon Jones, Board Case Number M21-0090 followed by a hearing in the matter of Carsha Carselle Stromas, Board Case Number T21-0001. Following the hearings, Mr. Brown stated that the Board would meet in closed sessions to consider matters subject to attorney-client confidentiality pursuant to NCGS 143-318.11 in both matters.

Upon proper motion and vote, the Board convened in closed session to deliberate on the matter of Board Case Number M21-0090. Upon proper motion and vote, the Board reconvened in open session. Mr. Brown invited any motions pertaining to the disciplinary matter discussed in closed session.

In the matter of Board Case Number M21-0090, the Board rendered the following decision upon proper motion and vote:

The Board, having considered the criteria set forth in General Statute 93B-8.1(b1), and the letters of character and the testimony of Elliot Futrell, it is moved that the Board grant Mr. Jones a resident traineeship. Mr. Hilderbrand offered a second to the motion, and the Board voted to approve the motion.

Upon proper motion and vote, the Board convened in closed session to deliberate on the matter of Board Case Number T21-0001. Upon proper motion and vote, the Board reconvened in open session. Mr. Brown invited any motions pertaining to the disciplinary matter discussed in closed session.

In the matter of Board Case Number T21-0001, the Board rendered the following decision upon proper motion and vote:

We, the Board, uphold the termination of the traineeship for Mr. Stromas and advise him to reapply for his traineeship.

Mr. Brown announced that both disciplinary hearings were concluded and that the Board would recess for lunch. Following lunch, Mr. Brown called the Business Session to order at 1:02 p.m. and lead members and staff in a recitation of the Pledge of Allegiance followed by the invocation. He proceeded by reading the Statement of Ethics and asked if any members would be recusing themselves. Mr. Hilderbrand stated that he would be recused from voting on disciplinary matters C21-0089 and C21-0106. Mr. Brown then asked if any guests were present and if they wished to offer any public comment. Ms. Sarah Williams briefly summarized her organization's mission and purpose, and she conveyed that the Alliance looked forward to a collaborative working relationship with the Board.

Mr. Brown continued and asked Mr. Watson to present the minutes from the November 10, 2021, Board meeting.

Approval of Minutes

Mr. Watson reported that Board staff had sent the minutes to each member for their review prior to the meeting. He asked if there were any questions or changes to the minutes. Hearing none, Mr. Watson offered a motion.

Upon a motion by Mr. Watson and a second by Mr. McCormick, the Board voted to adopt the November 10, 2021, minutes as presented.

Mr. Brown asked Mr. Watson to present the Finance and Personnel Committee report.

Finance and Personnel Committee Report

Mr. Watson reported that the Finance and Personnel Committee convened by conference call at 4:30 p.m. on Monday, December 6, 2021, to review the financial reports for the period ending October 2021 and to consider a proposed 2022 budget. He asked Mr. Davis to summarize the financial reports and to present the proposed 2022 budget.

Mr. Davis reported that the Statement of Net Position continues to affirm the Board's strength in net position with \$1,063,146.84 in the Unrestricted Fund Balance which represents a 7-8 month reserve in operating capital. He also noted that the Preneed Recovery Trust Fund balance increased to \$418,527.80 when compared to \$402,564 for the prior reporting period. Mr. Davis noted that the increase is attributed primarily to the deposit of funds earmarked for the Preneed Recovery Trust Fund that derive from preneed contract filing fees. Mr. Davis continued by summarizing the Statement of Revenues and Expenditures. He discussed the revenue received to date from all sources and noted

that the revenue collection rate for the reporting period ending October 2021 showed 97.8.0% compared to 89.5% for the same period in 2020. He expressed optimism that the nearly 10% differential in revenue collections compared to 2020 is indicative of revenues exceeding the projected amount of \$1,513,038. He noted that the Board's operating costs primarily in Gross Wages/Benefits,

Utilities, Postage & Printing and Bank Fees had increased as a result of higher insurance premiums and increased utility and postal rates. He also stated that the Board's legal expenses increased due to more litigation and other matters requiring counsel than in the prior fiscal year. Brief discussion ensued. Mr. Watson offered a motion to recommend approval of the October financial reports.

Upon a motion by Mr. Watson and a second by Mr. Herndon, the voted to approve the October financial reports as presented.

Mr. then asked Mr. Davis to present the 2022 budget proposal. In highlighting the proposed budget, Mr. Davis commented that he and Ms. Acord reviewed data from the 2019, 2020 and 2021 budgets to assess percentage increases in revenue collections and actual versus projected expenditures for operating expenses. He stated that the Board's capacity for revenue collection is limited and likely approaching a ceiling based on the analysis from 2019 through 2021. As a result, he noted that the projected revenue collections for 2022 should remain fixed at \$1,513,038.00. He also noted that during the committee meeting, Mr. Watson suggested that those revenue collections that are known to be declining should reflect appropriate decreased amounts. Mr. Davis said that he and Ms. Acord looked at each line item to determine utilization rates since January 2021. He reported that they then compared the actual expenses for these line items to actual expenses recorded for 2019, 2020 and 2021 to identify patterns or trends that indicate a need to adjust the proposed amounts for 2022. As a result of this analysis, he proposed reductions in some line items and increases in others to offer a more accurate and realistic view of actual operating costs.

Mr. Davis then recommended that the Board consider adjustments in employee compensation for 2022. He stated that he thought a 2% COLA increase for staff would be appropriate since state employees in General Government are scheduled for a 2.5% increase, but he was recommending that implementation be deferred pending the availability of funds to support it. He further explained that it has been the Board's past practice to award a one-time adjustment in compensation to each permanent employee at the end of the year in the amount of \$500.00. Such an adjustment would cost \$5,500 which is not currently available in the budget. Mr. Davis said that he was recommending a \$300 one-time adjustment for 2021 given the limited funds available and noted the importance of adjustments to employee compensation as a key strategy for retention and recruitment. Mr. Davis further proposed that decisions on the proposed 2022 budget be interim until Thomas Judy & Tucker have prepared final financial periods to reflect final revenues and expenditures as of December 31, 2021. Discussion ensued.

Upon a motion by Mr. McCormick and a second by Mr. Saunders, the Committee voted to recommend approval of the proposed budget for Fiscal Year 2022 including the adjustments to employee compensation as presented.

Mr. Brown thanked Mr. Watson and Mr. Davis for their comments and continued the meeting by asking Mr. Watson to present the Preneed Committee report.

Preneed Committee Report

Mr. Watson reported that the Preneed Committee met by conference call on December 6, 2021, to discuss a claim against the Preneed Recovery Trust Fund and a request for a preneed bond waiver. Mr. Watson continued and summarized the primary issues associated with P21-0018 which involved a claim against the Trust Fund for \$1000. He asked Ms. Lee to offer any other pertinent details, and she stated that staff was recommending approval of the claim because the claimant provided sufficient

documentation to substantiate the request for reimbursement. She indicated that staff considered the claim to be justified.

Mr. Watson continued his report and presented the primary issues from the request for a preneed bond waiver that came before the Committee. He indicated that the request was from a licensed preneed funeral establishment for a waiver of the requirement to maintain a pre-need bond, after holding said bond for one year. In support of the request for a waiver, the establishment provided a balance sheet that was not more than 90 days old and that showed solvency by the establishment. The establishment also provided documentation showing that it has no outstanding judgments or claims made against the bond. Mr. Watson said that based upon this information, the Committee was recommending that the Board approve both P21-0018 and the request for a bond waiver.

Brief discussion ensued.

Upon a motion by Mr. Herndon and a second by Mr. McCormick, the Board voted to approve the claim presented in P21-0018 and the request for a preneed bond waiver as presented.

Mr. Brown then asked Mr. Herndon to present the Disciplinary Committee report.

Disciplinary Committee Report

Mr. Herndon stated that the Disciplinary Committee met on Friday, December 3, 2021, to consider and discuss cases and recommendations from General Counsel Catherine Lee for the following cases:

Summary Dismissals

C21-0103 C21-0115 C21-0116

Dismissals

C21-0095 C21-0105 C21-0107 C21-0108 C21-0109 C21-0111
C21-0112 C21-0113

Letters of Caution

C21-0089/C21-0106 (Mr. Hilderbrand recused)
C21-0091 C21-0110 C21-0118/C21-0119

Mr. Herndon invited questions regarding the presentation of cases in the Disciplinary Committee report. He noted that Ms. Lee would also respond to questions or comments. Brief discussion ensued. Mr. Herndon then offered a motion for approval of the recommendations from the Disciplinary Committee.

Upon Mr. Herndon's motion, Mr. McCormick offered a second. The Board then voted to adopt the recommendations from the Disciplinary Committee as presented with the exceptions of C21-009/C21-0106. Mr. Hilderbrand did not vote.

Mr. Herndon then offered a motion for the adoption of the Disciplinary Committee's recommendations on C21-0089/C21-0106. Mr. Saunders offered a second, and the Board voted in the majority for adoption of the recommendations as presented.

Mr. Brown continued the meeting and recognized Mr. Davis for the Executive Director's report.

Executive Director's Report

Mr. Davis presented the following items to the Board for information and discussion:

- The Board's annual audit of financial statements will begin the 3rd week of March by Bernard Robinson & Company, Inc.
- Mr. Davis and Ms. Acord reported that the online license and permit renewals were lagging behind the utilization in 2020 but that they expected at least comparable use of the online portal by February 1, 2022. Mr. Davis noted that in the 2021 renewal cycle, nearly 94% of licensees and permit holders used the online portal.
- Mr. Davis reported that he had received media calls from three print/broadcast media in the Hendersonville/Henderson County area pertaining to recent Board action regarding Thomas Shepherd & Son Funeral Home, Inc.
- Mr. Davis updated the Board on the status of efforts to recruit for a vacant Compliance Inspector position and noted that the response had been minimal.
- Mr. Davis presented a proposed 2022 Board Meeting Schedule and asked for a Board vote to confirm.

Upon a motion by Mr. Hilderbrand and a second by Mr. Watson, the Board voted to adopt the proposed 2022 Meeting Schedule as presented.

Mr. Davis concluded by reporting to the Board that staff had recovered all Board-issued property and equipment from a former employee who separated from employment on November 2, 2021.

Mr. Brown thanked Mr. Davis for his report to the Board and then asked Ms. Lee for the Legal Report.

Legal Report

Ms. Lee reported the following activity to the Board:

Disciplinary Matters

Current Active Cases: 46

Pending Investigation:	11
Pending Review by Disciplinary Committee:	2
Pending Dispositive Action:	16
Pending Hearing:	11

Post-Hearing: 0
Other: 6

New files opened since last Board meeting: 9
Notices of Hearing sent since last Board meeting: 5
Consent Orders received since last Board meeting: 0
Cases reviewed by Disciplinary Committee since last Board meeting: 16

Preneed Recovery Fund Claims

Current Active Preneed Recovery Fund Claims 2
 Pending Investigation 1
 Pending Dispositive Action 1

Preneed Recovery Fund Claims received since last Board meeting: 0
Preneed Recovery Fund Claims re-opened since last Board meeting: 0
Preneed Recovery Fund Claims reviewed by Committee since last Board meeting: 1

Ms. Lee invited questions from Board members. Hearing none, Mr. Brown thanked Ms. Lee for her report to the Board. He then asked for any Old Business items or New Business items to come before the Board.

Old Business:

None Offered

New Business:

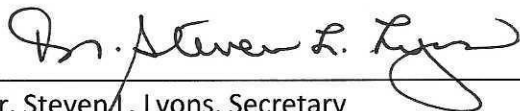
None Offered

Mr. Brown then asked if there were any other matters to come before the Board. Hearing none, he adjourned the meeting upon proper motion and vote.

Affirmation:



Christian E. Watson, President



Dr. Steven L. Lyons, Secretary

12 January 2022
Date