

North Carolina Cemetery Commission

Meeting Minutes

April 20, 2022

The North Carolina Cemetery Commission held a regularly scheduled quarterly meeting on Wednesday, April 20th, 2022, at 10 a.m. at the Hilton in North Hills Raleigh, NC.

President William “Bill” Gaffney and the following Commissioners were present: Linda Cotten Dodson, Ebbie Whitley Hendren, Bobby Townsend, Dyanne Miller, Bonita Caldwell, Sharon Weaver, and David Simmons. Gantt Stephens, as Director of Operations, was also in attendance, as well as members of the public.

The meeting was called to order by President Gaffney at 10:00 a.m. The President called for a Moment of Reflection.

The first item of the meeting was the agenda approval. Mrs. Cotten Dodson moved to approve the agenda as written. Seconded by Ms. Miller. All voted in favor.

The next item for approval was the minutes from the January 19th, 2022, of the NC Cemetery Commission meeting. Mrs. Whitley Hendren moved to approve the minutes as written. Seconded by Mrs. Cotten Dodson. All voted in favor.

I. **Conflict of Interest:**

President Gaffney declared that, in accordance with the State Government Ethics Act 138A 15E, it is the duty of every Commission member to avoid both conflicts of interest and appearances of conflicts regarding the matters being brought before them and to refrain from any undue participation in the matters involved. No Commissioners recused themselves from today’s agenda.

II. **Operations Report:**

Mr. Stephens began the report by reviewing the financials. Twenty-four (24) complaints were reported for this quarter, 11 of these complaints were filed against Shepherd Memorial Park. While 7 of these were filed against Montlawn Memorial Park. Twenty-eight (28) inspections have been completed since the last meeting. After asking for questions and receiving none, Mr. Stephens concluded his report.

III. **Requests from Public to Address Commission:**

President Gaffney invited any member of the public wishing to address the Commission to come forward.

Jamie L. Prevett requested to address the Commission regarding a recent experience her family had at Lafayette Memorial Park.

IV. **New Business:**

A. **Change of Trustee – Forest Lawn (Hendersonville) to Argent Trust-**

President Gaffney stated that the Commissioners have each received a copy of

the Change of Trustee for Forest Lawn (Hendersonville from CFNC to Argent Trust. Mr. Mike Limos from Argent Trust, and Mr. Rusty Tysor from CFNC, was present. Mrs. Whitley Hendren moved to approve the Change of Trustee for Forest Lawn (Hendersonville) to Argent Trust. Mrs. Cotten Dodson seconded the motion. All voted in favor.

B. Change of Control – Pisgah View MP to Faithful Heritage Holdings LLC

President Gaffney noted that the Commissioners have each received a copy of the Change of Control application for Pisgah View MP to Faithful Heritage Holdings LLC. These packets include all the required information to transfer ownership. Mr. Ronnie Scites, representing Faithful Heritage LLC, was present.

Mrs. Whitley Hendren moved to approve the Change of Control for Pisgah View MP to Faithful Heritage Holdings LLC. Mr. Townsend seconded the motion. Mr. Gaffney states that the new owners would accept all outstanding liabilities with this change of control. Mr. Gaffney asks Mr. Scites if that is understood. Mr. Scites states that he understands. All voted in favor.

C. Change of Control – Mountlawn MP to Mountlawn Cemetery Association, Inc

President Gaffney noted that the Commissioners have each received a copy of the Change of Control application for Mountlawn Memorial Park in Boone to Mountlawn Cemetery Association, Inc. These packets include all the required information to transfer ownership. Mr. Klee Liles representing Mountlawn MP and Mr. Jerry Harmon representing Mountlawn Cemetery Association were present. Mr. Jerry Harmon addresses the Commission to explain the issues the cemetery has faced over the last few years. Mr. Harmon explains that by the Commissioners approving this change of control it would allow the non-profit of Mountlawn Cemetery Association, Inc to be able to update and assist in helping the cemetery moving forward. Mr. Gaffney asks if the 501-C13 is tax deductible for donations. Mr. Harmon confirms that it is. Mrs. Whitley Hendren makes a motion to approve the change of control for Mountlawn MP to Mountlawn Cemetery Association, Inc. Mrs. Cotten Dodson seconded the motion. All voted in favor.

V. Old Business:

A. StoneMor Properties –

1. Updates to mausoleum projects and complaints:

Mr. Jack Omer and Mrs. Tamala Randolph representing StoneMor were present. Mr. Omer addresses the Commission to explain the updates for complaints and pre-construction projects. Mr. Omer states that they have a permit for Carolina Biblical Gardens, materials will be delivered shortly, and they plan to have the foundation poured by the first week in May. Mr. Omer explains that all other pre-construction projects that were within non-compliance have been fully completed or started. Since April 2021, StoneMor has spent roughly 4.1 million in North Carolina cemeteries alone.

Mrs. Randolph explains that the outstanding complaints have all been responded to. Mrs. Randolph continues that an inspection has been scheduled for Montlawn Memorial Gardens, which she understands has been a concern for the Board. Mrs. Randolph states that she will be present for

the inspection and that all revised monthly grave space reports will be submitted by that time.

Mr. Gaffney explains to Mr. Omer and Mrs. Randolph that while walking the grounds at Montlawn Memorial Gardens he was covered in fire ants. Mr. Gaffney wanted to make it clear that needed to be taken care of as well as complaints from consumers. Mrs. Randolph states that she believes they are in the process of getting a quote for having someone come and spray for fire ants.

2. Change of Control Carolina Memorial Gardens and Ridge-View Cemetery to StoneMor:

President Gaffney noted that the Commissioners have each received a copy of the Change of Control application for Carolina Memorial Gardens and Ridge-View Cemetery to StoneMor These packets include all the required information to transfer ownership, including addendums.

Mr. Noel Anderson addresses the Commission on behalf of the Daly Family to ask the Commission to approve both changes of control to StoneMor. Mrs. Cotten Dodson makes a motion to approve the change of control for Carolina Memorial Gardens and Ridge-View Cemetery to StoneMor. Ms. Miller seconds the motion. Ms. Miller continues that she is impressed with how much StoneMor has been able to do but still has reservations about giving StoneMor more cemeteries at this time. Ms. Miller states she would personally like to see a longer track record of excellence by StoneMor before this change of control. Ms. Caldwell agrees and asks Mr. Omer how StoneMor plans to keep moving in the right direction given the acquisition of these new cemeteries.

Mr. Omer explains that it was never StoneMor's intention to not do right by the people of North Carolina or any state they operate in, however, many of the company issues stemmed from finances. Mr. Omer continues that in "2018-2019 StoneMor was at a Net Loss of 8 Figures and now is Net Profitable around 8 Figures". Mr. Omer states that he cannot say that these issues will never happen again, but with StoneMor financials looking much better than they used to be he has confidence something to this magnitude will not. Ms. Caldwell states that she does understand the financial issues, however, a major problem for her is the amount of pre-construction projects that StoneMor started at a time where that should not have been happening. Ms. Caldwell asks Mr. Omer and Mrs. Randolph what StoneMor plans, controls, and plans, to do to stop something like that from happening again.

Mrs. Randolph states that StoneMor has learned lessons and she has been brought in to avoid things like this from happening moving forward. Mrs. Randolph continues that the changes in management structure has brought a better focus on the day-to-day activities.

Mrs. Whitley Hendren asks Mr. Omer to speak more on the financial changes in the last 2 years. Mrs. Whitley Hendren continues that from the credit reports submitted in the change of control application there is still some level of concern on the financial ability responsiveness. Mr. Omer states at the highest corporate level this is not something he could intelligently speak on, however, StoneMor is estimating they will be putting roughly 20 million back into the cemeteries this year, due to changes in

liquidity. As far as StoneMor's corporate risk, that is not something that he can comment on.

Mr. Stephens asks Mr. Omer and Mrs. Randolph about a complaint the Commission office received from a Mr. Sloan regarding a pre-construction project that was never started at York Memorial Park. Mr. Stephens continues that in that complaint Mr. Sloan references a sign posted at the cemetery advertising a pre-construction project. Mrs. Randolph states that there was not a sign at the cemetery this past Monday. Mr. Omer states that Mr. Sloan was contacted by StoneMor's HR team, and they have offered him a resolution that Mr. Sloan seems happy with. Mr. Omer continues that offering this resolution was the right thing to do, and it came as a significant financial loss to the company. Mr. Omer states that StoneMor provided Mr. Sloan with a private estate for the price of one mausoleum crypt.

Mrs. Cotten Dodson states that she is impressed by StoneMor stepping up but still has concerns about where the money has come from. Mrs. Cotten Dodson continues that for the sake of the Daly family she would like to see this resolved. All voted in favor.

B. Crestlawn Memorial Gardens-

Mr. Stephens explains the Commission voted at the last meeting to put the cemetery up for sale, later the Commission learned that a new receiver would need to be placed to handle the sale of the cemetery. So far, one has not been able to be found to replace, Mrs. Ruth Futrell, the current receiver. Mr. Stephens continues that the Commission attorney advised the Commission to come to an agreement with the Futrell's and work out a consent order that the Commissioners, the Futrell's, and a Judge can agree to.

Mr. Stephens explains that the Commissioners have a copy of the first drafted consent order. Commission office staff provide a copy to both Mr. Steve Futrell and the Futrell's Attorney, Mrs. Saleisha N. Averhart. Mrs. Averhart addresses the Commission by thanking them for all the work they do to protect consumers and expressing the Futrell's willingness to come to an agreement with the Commission. Mrs. Averhart continues that she hopes that she will be able to help facilitate this agreement. Mr. Gaffney explains to Mr. Futrell and Mrs. Averhart that even with the approval today the Futrell's will have an opportunity to review the consent order and submit addendum if they see fit. Mrs. Cotten Dodson moves to accept the consent order as written. Seconded by Ms. Miller. All voted in favor.

C. Shepherd Memorial Park-

Mr. Stephens explains that there is a court hearing today at 2 p.m. regarding the receivership at Shepherd Memorial Park. Ms. Caldwell asks if there is a name for receiver that will likely get approved. Mr. Stephen states that he believes this receiver will be accepted.

D. Swain Memorial Park and Fairview Memorial Park-

Mr. Stephens explains that it has been difficult to find a receiver for these two cemeteries. Mr. Stephens continues that we are still waiting to hear from Mrs. Shelia Gahagan's Attorney. Ms. Miller asks if the Commission would be able to recoup any legal fees. Mr. Stephens states that is the hope, but it is possible the Commission may not recoup the legal expenses incurred.

VI. REMINDER OF NEXT MEETING DATE:
July 20th, 2022, at 10:00 a.m.

VII. Adjournment:
Meeting Adjourned at 11:08 a.m.

