

MINUTES
South Carolina Perpetual Care Cemetery Board
Board Meeting
10:00 a.m., November 28, 2007
Synergy Business Park
110 Centerview Drive, Kingtree Building, Room 111
Columbia, South Carolina

Mr. Russ, Chairman, called the meeting to order at 10:07 a.m.

Board members attending the meeting included: J. W. Russ, of Conway; W. Russel Floyd, Jr., of Spartanburg; Roger Finch, of Honea Path; John E. Bartus, of Mauldin; Rick Riggins, of Lancaster and Thomas Johnson of Charleston.

Board member(s) granted an excused absence: Andrew Cone, of Pickens.

Staff members participating included: Wendi Elrod, Administrative Specialist; Sheridan Spoon, General Counsel; Robin Wilkes, BRS staff CPA; Doris Cubitt, Administrator; Tony Kennedy, Office of Investigations and Enforcements.

Members of the public participating included: Mike Evans; Bill Coffey, Clarendon Memorial Gardens; Frank Millis, StoneMor Partners.

Meeting Called to Order – Public notice of this meeting was properly posted at the S. C. Perpetual Care Cemetery Board office, Synergy Business Park, Kingtree Building, provided to all requesting persons, organizations, and news media in compliance with Section 30-4-80 of the South Carolina Freedom of Information Act. A quorum is present.

Pledge of Allegiance

All present recited the Pledge of Allegiance.

Approval of July 31, 2007 Meeting Minutes

The Board made the following changes:

1. *On page 2, under Action Items, New Business, # 1 read “Sell of Florence Memorial Gardens.” The Board changed “Sell” to “Sale”.*
2. *On page 2, under Sell of Florence Memorial Gardens, paragraph 1, last sentence, the sentence reads “This cemetery was an Alderwoods Group, Inc. cemetery that transferred to SCI since SCI purchased Alderwoods Group, Inc. corporate.” The sentence seems to run together so the suggestion is “Florence Memorial Gardens was an Alderwoods Group, Inc. cemetery. Ownership transferred to SCI after SCI purchased Alderwoods Group, Inc.”*
3. *On page 2, last paragraph on page 2 & continued on page 3, last sentence on page 2, “Also does the Board want an expenditure report to see what money is being allocated to the construction of the mausoleum? Delete “Also does” and the “question mark at the end of the sentence”. It should read “The Board wants an expenditure report to see what money is being allocated to the construction of the mausoleum”.*

4. *On page 3, paragraph 1, sentence 3, the term “title” should be added after the word simple. It should read “Mr. Floyd asked Mr. Brown if fee simple title means that the land is fee simple title so it is not mortgaged”.*

Motion

Mr. Floyd made a motion for the minutes to be accepted with the changes, seconded by Mr. Bartus, and unanimously carried.

Chairman’s Remarks – J. W. Russ

Mr. Russ welcomed all guest to the Board Meeting.

Administrator’s Remarks – Doris Cubitt

Ms. Cubitt welcomed all guest and thanked everyone for coming.

Ms. Cubitt reminded the Board members that when they receive calls regarding Board issues, they need to inform the person to call the Board staff. This ensures the Boards objectivity regarding issues needed to be heard in the future.

Action Items (Vote Required)

New Business

1. Elections

Chairman

Mr. J. W. Russ opened the floor for nominations for Chairman.

Mr. Rick Riggins nominated Mr. Russ as Chairman.

Motion

Mr. Riggins made a motion for Mr. Russ be elected as Chairman; seconded by Mr. Finch and unanimously carried.

Vice Chairman

Mr. J. W. Russ opened the floor for nominations for the Vice Chairman.

Mr. Riggins nominated Mr. Floyd as Vice Chairman.

Motion

Mr. Riggins made a motion for Mr. Floyd be elected as Vice Chairman; seconded by Mr. Johnson and unanimously carried.

2. Board meeting dates 2007

Mr. Russ asked for a motion to accept the Board meeting dates.

Mr. Floyd stated that February 20, 2008 would be a conflict for him and asked if it would be possible to have that date changed. The schedule was reviewed and the meeting date was changed to Friday, March 14, 2008.

Motion

Mr. Bartus made a motion that the Board meeting dates for 2008 be accepted including the changes; seconded by Mr. Riggins and unanimously carried.

3. Small Cemetery Audit requirements – J W Russ

Mr. Bill Coffey and Mr. Mike Evans addressed the cost issue of an audit. Mr. Coffey asked if the Board would discuss requiring other cost efficient ways to review the funds in the accounts instead of an audit. Mr. Evans inquired to the meaning of the term “audit”.

Mr. Russ informed Mr. Coffey that the statute as provided by Sections 46-8-100(A) and 46-8-110(G) require that the Care and Maintenance Trust Funds and Merchandise Accounts required of all perpetual care cemeteries be examined yearly by a licensed public accountant to ascertain that the balances in these funds and accounts reflect the amounts required by statute. In order to protect the public and provide for an orderly, and efficient examination process while exposing the perpetual care cemeteries licensed by the Board to the least possible costs. The Perpetual Care Cemetery Board has adopted the following interpretation of the minimum requirements necessary to meet the intent of an examination required under the law.

Mr. Russ indicated that was the purpose of adopting a policy change and the agreed upon procedures, which are to allow an official of the cemetery company to file the cemeteries annual financial reports insuring true and accurate balances. After the initial examination, the trust funds and merchandise accounts are required to be examined by a CPA or PA every three years.

Ms. Cubitt stated that the law was still in effect even though there was no oversight. The Board adopted the agreed upon procedures for the care and maintenance trust and the merchandise account to allow for alternate procedures. The initial audit (agreed upon procedures) should be from 1991-2002 to insure that the proper amounts were deposited as required by law. The second audit will be from 2003-2006, then every three years.

Mr. Evans asked what if the cemetery does not have the appropriate records for the agreed upon procedures to be done. Ms. Cubitt stated that in those situations the Board will make a decision on a case by case basis.

The Board indicated that due to the law requiring deposits to be made to the care and maintenance trust and merchandise account there is no other way for the Board to insure that the accounts were properly funded.

4. StoneMor South Carolina LLC / SCI – J W Russ

- a. Frederick Memorial Gardens
- b. Graceland East Memorial Park

Ms. Cubitt stated that staff had made arrangements to conference Mr. Michael Smith and Mr. Steve Palmerton with SCI in to the meeting.

Mr. Floyd asked what did the auditor's use to arrive at the deficient amount. Mr. Smith indicated that the deed register was not maintained so they needed to use alternative records to verify the amount.

Mr. Wilkes suggested that SCI's agreed upon procedures be used as a guide for other cemeteries who may have deficient amounts or missing records.

Mr. Floyd asked if a checklist could be made to insure that all required records have been submitted to the Board for the sale of a cemetery. Ms. Cubitt indicated that staff would work on a checklist and submit to the Board for approval.

Mr. Frank Millis stated that the Graceland East Memorial Park's merchandise account was deficient \$14,156. Mr. Millis stated that SCI will fund the full deficient amount at the time of closing, if not then StoneMor will fund the deficient amount within thirty (30) days after closing. Mr. Millis stated that StoneMor assumes the liability for the cemeteries.

Mr. Smith stated that he would email the opening and closing figures for Frederick Memorial Gardens and Graceland East Memorial Park.

Motion

Mr. Johnson made a motion to approve the sale pending verification that the Trust Fund is irrevocable, StoneMor assumes the opening and closing liability and the deficient amount has been satisfied; seconded by Mr. Riggins and unanimously carried.

5. Pinnacle Funeral Service / SCI – J W Russ

a. Rock Hill Memorial Gardens

Motion

The Board tabled the sale of this cemetery until missing documents and the audit has been submitted and someone is present to represent this cemetery. The Board may be able to here this at the December 2007 or January 2008 Regulations meeting.

6. Patterson Cemetery - J W Russ

Mr. Russ read the letter that was submitted to the Board inquiring if an old family cemetery in Loris, SC can expand to become a Perpetual Care Cemetery. The letter indicated that they want to expand so they may generate income to help maintain the cemetery. Currently the cemetery has about two (2) acres of land and they desire to expand the cemetery with an additional two and a half (2 ½) acres which will give the cemetery a total of four and a half (4 ½) acres. They are asking to have the thirty (30) acres that is required by law in Section 40-8-120 (D) to be waived since this was an existing cemetery prior to 2003.

Motion

Mr. Floyd made a motion that the Board can not waive the thirty (30) acre requirement; therefore the cemetery does not meet the guidelines for being governed by the statute; seconded by Mr. Riggins and unanimously carried.

Recess

The Board recessed at 12:40 p.m. and returned at 12:53 p.m.

Unfinished Business

1. Sale of Florence Memorial Gardens – J W Russ

Mr. David Brown was not present and SCI did not submit the necessary documentation to the Board for the approval of the Sale of this cemetery.

Motion

The Board tabled the sale of this cemetery until missing documents and the audit has been submitted and Mr. Brown can be present. The Board may be able to hear this at the December 2007 or January 2008 Regulations meeting.

2. Keystone Group – Bush River, Elmwood & Southland Memorial Gardens – J W Russ

There was some discussion to the meaning of a term “Bank Balance” on the Agreed Upon Procedures sheet that SCI presented. The Board requested that Mr. Wilkes to verify the meaning of the term with SCI, if it is the actual bank balance or projected bank balance.

Motion

Mr. Floyd made a motion to approve the \$1,000,000 bond be released pending an explanation of the Bank Balance by Mr. Wilkes and deducting any deficient amounts for any of the three (3) cemeteries for either the trust fund or the merchandise account; seconded by Mr. Riggins and unanimously carried.

3. Discussion on proper funding of Opening and Closings – Doris Cubitt

The Board did not discuss opening and closings at this time.

4. Report on Draw schedule – Doris Cubitt

Mr. Cubitt stated that the Board staff is drafting a draw schedule. When the schedule is complete it will be presented to the Board for review and approval.

5. Report on Regulation changes – Doris Cubitt

Ms. Cubitt reported that there haven't been any finalized changes to present to the Board at this time.

6. Budget Report – Doris Cubitt

Ms. Cubitt reported that there have been no changes to report at this time.

7. IRC – Tony Kennedy

Mr. Kennedy stated that there is no IRC report to be heard before the Board at this time.

Adjournment

There being no further business to be discussed at this time, Mr. Riggins made a motion that the meeting be adjourned at 1:40 pm, seconded by Mr. Floyd.

The next meeting of the S.C. Perpetual Care Cemetery Board has been scheduled for March 14, 2008.