

Minutes of Meeting
Louisiana Cemetery Board
November 6, 2009

The regular meeting of the Louisiana Cemetery Board was held November 6, 2009, at 111 Veterans Memorial Boulevard, Heritage Plaza, Eighteenth Floor Conference Room, Metairie, Louisiana, pursuant to notice. Chairman Melancon called the meeting to order at 9:00 A.M.

Present were: Gerald W. Melancon, Chairman
Marilyn Leufroy, Vice-Chairman
Shelly M. Holloway, Secretary/Treasurer
Michael D. Boudreaux, Board Member
Ann B. Clement, Board Member
Stacey L. Patin, Board Member
Louise F. Saenz, At-Large Board Member
Lucy L. McCann, Director
Anna H. Aucoin, Assistant to the Director
Sharon C. Mize, Special Counsel to the Board
Ryan M. Seidemann, Assistant Attorney General

Also present at the meeting were Charles Fauchaux, Westlawn Cemeteries, L.L.C., Gretna, Louisiana; Danny Delhomme, Lafayette Memorials, Inc., Lafayette, Louisiana; Taylor Davis, Financial Representative, Northwestern Mutual; Mark Mitchell, Vice-President of Sales & Marketing, Northwestern Mutual Wealth Management Company; Felecia Taylor, Service Corporation International (SCI), Houston, Texas; Bill Wimberley, Resthaven Gardens of Memory, Baton Rouge, Louisiana; Mr. and Mrs. George B. Annison, Azalea Rest, Inc., Zachary, Louisiana; Bob Lomison, President, and April DeYoung, General Manager, Forest Park East Associates, Inc. d/b/a Forest Park Cemetery & Forest Park West Associates, Inc., d/b/a Forest Park West Cemetery, Shreveport, Louisiana; Deborah G. Holmes, Argent Trust, Ruston, Louisiana; and Jimmy Patin, Greenwood Memorial Park, Inc., Pineville, Louisiana.

Ms. Leufroy made a motion to take the Agenda out of order to accommodate any guests in attendance. The motion was seconded by Mr. Boudreaux and unanimously approved.

Azalea Rest, Inc. d/b/a Azalea Rest Cemetery, Zachary, LA – Perpetual Care Trust Fund investments.

In March 2009, Mr. & Mrs. Annison established an escrow account with Hancock Bank in the name of Azalea Rest Cemetery to cover the perpetual care trust funds previously invested with Stanford International Bank. The Director stated Mr. and Mrs. Annison were in attendance today to update the Board on their efforts to recover the perpetual care trust funds from Stanford, which has been placed in receivership.

Mr. Annison provided the Board with a Stanford Trust Company statement covering April 1, 2009 through June 20, 2009 for the Azalea Rest Cemetery irrevocable trust. The statement indicates the certificate of deposits was cashed and the funds placed in a money market fund with Stanford Trust Company in February 2009. Since federal regulators placed Stanford into receivership, Mr. & Mrs. Annison do not have access to the funds. Mr. Annison indicated they were waiting for a decision from the 5th U.S. Circuit Court of Appeals, which may affect the return of assets to investors.

Chairman Melancon stated he would like to have the Cemetery Board also listed on the escrow account. Chairman Melancon also stated that he would like to see the perpetual care fund made whole, as soon as possible, but does not want the Board to take any action(s) that might affect Azalea Rest's claims to recovery of the funds.

Ms. Mize asked Mr. & Mrs. Annison if they have an attorney representing them in this matter. Mr. Annison stated Phil Preis from Baton Rouge represents them and a group of Exxon employees.

Chairman Melancon stated that we needed to allow Mr. & Mrs. Annison the opportunity to discuss this matter with their attorney, but felt that in the interim we should have the Board added to the escrow account. The Director asked Mr. Annison for permission to contact their attorney directly regarding this matter. Mr. Annison said that he had no problem with the Board contacting their attorney directly to discuss this matter.

After discussion, Mr. Boudreaux made a motion for the Director and the Board's legal counsel to work with the Annison's attorney to provide the maximum protection for the trust fund without affecting the claim in the Stanford bankruptcy. The motion was seconded by Ms. Holloway and unanimously approved.

Chairman Melancon thanked Mr. & Mrs. Annison for appearing.

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Lafayette Memorials, Inc. d/b/a Lafayette Memorial Park Cemetery, Lafayette, LA – On-site Examination of Merchandise Trust Fund.

Holy Mary Mother of God Cemetery, Inc. d/b/a Holy Mary Mother of God Cemetery, Lafayette, LA – On-site Examination of Perpetual Care Trust Fund.

The Director reviewed the findings of the on-site examination of the merchandise trust fund of Lafayette Memorial Park Cemetery stating ownership certificates for pre-need

vault contracts stored with Vantage Vaults were not in the name of the contract beneficiary as required by Title 8. The cemetery was reassigning ownership certificates in house, without officially reassigning the certificate of ownership with Vantage Vaults.

Additionally, the Director reviewed the findings of the on-site examination of the perpetual care trust fund of Holy Mary Mother of God cemetery stating that several customer files contained life insurance policies irrevocably assigning the cemetery as beneficiary. The Director advised it was her understanding, the life insurance policies covered pre-need services, which is not permissible under Title 8.

Chairman Melancon asked Mr. Delhomme to address each issue separately beginning with the vault issue.

Mr. Delhomme stated he is currently going through each contract file to determine the number of ownership certificates that have been reassigned in house, and plans to redeem those vaults and store the inventory at the cemetery. The Director advised that would be in compliance with Title 8, as long as the cemetery maintained a detailed list of pre-need vault contracts in storage at the cemetery so proper inventory could be verified. Mr. Delhomme agreed to maintain a spreadsheet detailing pre-need vault contracts stored at the cemetery. The Director will work with Mr. Delhomme to resolve this matter.

Regarding the exception noted in the examination of Holy Mary Mother of God Cemetery, Mr. Delhomme stated he is a licensed insurance agent, and Holy Mary Mother of God Cemetery does not have a merchandise trust fund, therefore, he cannot sell pre-need services. Mr. Delhomme stated he sells life insurance policies to cover future expenses, but the cemetery's contract clearly discloses that prices do not include opening and closing costs. He contends he is not selling pre-need services (openings and closings), but a life insurance policy to cover an expense in the future.

Chairman Melancon asked if the consumer has a pre-need contract. Mr. Delhomme stated there is no guarantee or representation in any contract or the insurance application establishing that the policy covers a pre-need service. The consumer is the owner of the policy and the cemetery is the beneficiary. Mr. Delhomme stated he wants to get paid when the person dies and this is a vehicle allowing a service to be paid for in the future, but there is no guarantee. The consumer can use someone other than the cemetery to provide the service such as a monument dealer. Chairman Melancon asked how the monument dealer would get paid if the cemetery was the beneficiary of the policy. Mr. Delhomme stated the cemetery would have to turn the policy over if they did not provide the service. Chairman Melancon stated is the cemetery is the beneficiary they would be under no obligation to turn over the policy. Mr. Delhomme said he could not keep the money if he does not provide a service.

The Director stated her understanding of the insurance code is that a beneficiary of a life insurance policy must have an insurable interest, and if there was no contract then the cemetery does not have an insurable interest. Chairman Melancon stated you cannot use insurance to provide pre-need services in the cemetery, you must establish a trust. Mr.

Delhomme stated if that is the case, then he would ask the people to change the beneficiary, but he cannot guarantee they will change the beneficiary. Chairman Melancon asked if the policy was irrevocably assigned to the cemetery. The Director stated the policies reviewed were irrevocably assigned to Holy Mary Mother of God Cemetery. Mr. Delhomme stated that was done from a social security standpoint, so if they applied for medicaid it would show this was going toward a funeral expense. Chairman Melancon stated for SSI to honor it, you have to have a contract tied to the policy to show its going toward a funeral expense. Ms. Mize asked Mr. Delhomme if his offer to have the beneficiary changed was to make the beneficiary a family member, who would then be free to use the policy for funeral expenses. Mr. Delhomme stated yes. Ms. Leufroy asked how many policies were there. Mr. Delhomme said he believed it was less than twenty. Ms. Holloway asked if the policy provides what the proceeds will be used for. Mr. Delhomme stated no it was a standard life insurance policy.

The Director stated the issue was clear that the cemetery is not in compliance with Title 8 and there are possible violations of Title 22.

Ms. Leufroy made a motion that Mr. Delhomme cease selling life insurance policies with Holy Mary Mother of God Cemetery as beneficiary, which is in violation of Title 8. The motion was seconded by Ms. Patin and unanimously approved.

There was a discussion regarding whether or not the beneficiary could be changed on existing policies since the policies were irrevocably assigned to the cemetery.

After discussion, Ms. Holloway made a motion that Mr. Delhomme find a solution for the existing policies, which removes Holy Mary Mother of God Cemetery as beneficiary and is in compliance with Title 8 and other applicable laws. The motion was seconded by Mr. Boudreaux and unanimously approved.

The Board thanked Mr. Delhomme for attending.

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Northwestern Mutual Wealth Management Company (NMWM), Milwaukee, Wisconsin
– Request to serve as a trustee for cemeteries in Louisiana.

The Director advised that at the May 22, 2009 meeting, the Board determined NMWM was a federally insured Federal Savings Bank and authorized to exercise trust powers. The outstanding question is whether they comply with Title 8 regarding NMWM having an office located in the State of Louisiana. They are registered with the Secretary of State's office and their registered agent in Louisiana is CT Corporation in Baton Rouge. When asked how NMWM would comply with the provisions of La. R.S. 8:454B, NMWM pointed to their Wealth Management Advisors that are located in the state. The Board received and reviewed the contract between NMWM and their Wealth Management Advisors, which indicates they are independent contractors. Mr. Davis confirmed they are independent contractors, or statutory employees, that receive a 1099

and are not employees of NMWM. The Director also pointed out that in correspondence of May 12, 2009 from Denise Rau, Bill Cunningham was represented as the Wealth Management Advisor who was credentialed to offer trust services through NMWM in Louisiana. Mr. Davis said that Bill Cunningham has offices in Shreveport and Lafayette. Mr. Mitchell said they are a nationally chartered trust company located in Milwaukee and that all of their trust people are located in Milwaukee. NMWM in Milwaukee provides all the fiduciary technical work, all discretionary distributions, and any other fiduciary work. In some communities, statutes require a filing to set up an office. Our national charter gives us the ability but local statutes required us to set up some type of office or charter to comply with state statutes. Therefore, we would certainly be willing to do that here.

The Director asked if NMWM carried liability insurance. Mr. Mitchell advised that errors and omissions insurance was carried, and if they were ever to go into bankruptcy, trust assets are separate and creditors could not go after trust assets in a bankruptcy.

The Director asked if investment decision would be made at the local level or at trustee level. Mr. Mitchell said it was a combination. They have a trust investment committee that oversees investments. Local representatives are in constant contact with clients making sure we know their goals and objectives so we can effectively make prudent fiduciary decisions. Ultimately, it is our team of CFA's and investment people, which make the decisions and are accountable.

Ms. Mize asked specifically, with respect to the company that would be trustee, NMWM, do I understand correctly that NMWM has no employees, no property, no bank accounts in the state of Louisiana. When we asked why you think NMWM is located in Louisiana, Ms. Rau only referred to the independent contractors. Mr. Mitchell stated that right now all of NMWM offices and employees are in Milwaukee, Wisconsin. He indicated this issue has come up before and has been resolved. They offered to share the information with the Board regarding how this has been addressed in other jurisdictions. When asked who would be responsible for administering the trust funds, the Board was advised NMWM is a full service trust company and they would appoint a trust officer. Mr. Boudreaux asked how many other states they served as trustee for cemetery trusts. Currently, NMWM does not service any cemetery trusts.

Chairman Melancon stated the Board did not have sufficient information to make a determination if NMWM meets the requirements of Title 8. Mr. Davis and Mr. Mitchell said they would provide additional information and thanked the Board for their consideration.

The Director stated in January 2007 SCI Louisiana Funeral Services, Inc. sold this property to Forest Lawn Memorial Association, Inc. The new owners appointed a successor trustee, Independence Trust Company (ITC). When trustee reports were received and reviewed by the Board, we found that only a portion of the Merchandise Trust Fund (\$563,798.49 in principal and \$534,511.65 in interest) was transferred to the successor trustee, ITC. The balance (\$204,073.97) of the merchandise trust fund remains in the custody of the prior trustee, Regions Bank. According to SCI, the balance at Regions Bank represented contracts delivered but not withdrawn at the time the cemetery was sold. At the May 22, 2009 meeting, the Board determined SCI must provide documentation regarding what contracts the funds remaining in the custody of Regions Bank represented.

SCI's response indicates they were able to tie \$125,664.09 to specific contracts that were delivered. SCI was unable to provide contract information for the remaining balance of \$79,098.60, and agreed it should be transferred.

Correspondence from the current owner of the cemetery indicates that he believes there are unfunded pre-need liabilities and the funds, in their entirety, should be transferred to the successor trustee, ITC.

The Director stated, currently the trust fund remains in the custody of two trustees, and there is a dispute between the seller and purchaser regarding whether the funds transferred is sufficient to cover the pre-need liabilities of the cemetery. Further, the supporting documentation provided with the responses received from SCI and the current owner was voluminous. Sampling raised several questions, including whether or not some of the withdrawals are duplicate withdrawals, and questions regarding the amounts being withdrawn, both principal and interest.

Ms. Taylor addressed the Board and stated that at the time of sale SCI has a reconciliation process, which reconciles the bank statements to our list of active contracts. At the time, there were some outstanding items on the reconciliation that included contracts that had been serviced, but were still funded in the trust. At the time of sale, the amount transferred to the new owner was the amount SCI showed as active contracts. When we got the request to provide support for the amount not transferred, we tried to pull support for our adjustments, and what was presented to the Board were contracts that we had serviced and had support for delivery, which amounted to the \$125,664.09. The Director asked if SCI tried to verify if any of the contracts were withdrawn during the previous withdrawals approved by the Board. Ms. Taylor was not sure, because she was not familiar with the previously approved withdrawal process.

Ms. Mize stated the Board has always taken the position that the new cemetery authority becomes the settlor of the trust. There are two issues before the Board. The first issue is the dispute regarding the proper amount of the merchandise trust fund between the seller and purchaser. In this regard, the Board has no authority except to instruct the parties to resolve that dispute. The second issue is the fact that the predecessor trustee, Regions, continues to hold in excess of \$200,000 of merchandise trust fund and the new owner has

appointed a successor trustee. The Board's alternatives are to allow that money to continue to be held at Regions, instructing them not to distribute any funds to SCI until this matter is resolved; require that the funds be transferred to the successor trustee, with the rest of the merchandise trust fund, until this dispute is resolved; or require the \$79,098.60 SCI admits they can not provide contract documentation on, to be transferred to the successor trustee until this dispute is resolved. Ms. Taylor requested a copy of the response received by the Board from the new owner, and a copy was provided. Chairman Melancon stated this was a contract dispute between the seller and purchaser.

After discussion, Mr. Boudreaux made a motion to direct Regions to transfer \$79,098.60 to ITC and leave the balance with Regions until the dispute is resolved. However, if the dispute is not resolved (30) thirty days prior to the next meeting, the balance of the money must be transferred to the successor trustee, ITC, until final resolution of the dispute. The motion was seconded by Ms. Leufroy and unanimously approved.

The Board thanked Ms. Taylor for attending.

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Forest Park East Associates, Inc. d/b/a Forest Park Cemetery, Shreveport, LA & Forest Park West Associates, Inc. d/b/a Forest Park West Cemetery, Shreveport, LA – Status Report regarding Consent Agreement and maintenance issues.

Regarding old business before the Board for the Forest Park properties, the Director stated that at the conclusion of the May 22, 2009 meeting she was directed to work with Forest Park to resolve outstanding issues relating to the pending merchandise trust fund withdrawals on delivered contracts covering December 2008 thru March 2009, and the pending sales tax withdrawals. The Director advised all outstanding issues relating to the pending withdrawal were resolved, and the withdrawal amounts were applied to the delinquent deposits owed to the perpetual care and merchandise trust funds of the Forest Park properties. Further, a twelve-month payment plan was established beginning July 2009 covering delinquent deposits due the perpetual care trust funds, for memorial care from March 2006 to present, which totals \$271,617.86. The twelve-month payment plan requires Forest Park to make monthly deposits of \$12,859.13 to the perpetual care trust fund of Forest Park East, and \$9,775.69 to the perpetual care trust fund of Forest Park West Cemetery. The Director reported all perpetual care and merchandise trust fund deposits required by the existing Consent Agreement were current.

Further, at the conclusion of the May 22, 2009, the Board agreed with Forest Park's proposal to conduct a comprehensive study and come back to the Board at the November meeting with a specific proposal addressing costs and time needed to address each of the maintenance issues. Mr. Lomison asked April DeYoung, General Manager of the Forest Park properties, to provide a report to the Board regarding the maintenance issues. A package prepared by Forest Park addressing each of the maintenance issues was provided to the Board Members. Ms. DeYoung reviewed in detail the steps taken to date at Forest Park Cemetery to address the following: Chapel of Peace Mausoleum foundation;

Garden of Roses crypt front repairs; Shrub removal; and Drainage issues with the City of Shreveport. Ms. Young also reviewed in detail the steps taken to date at Forest Park West Cemetery to address the Chapel of Peace Mausoleum foundation. After discussion of the maintenance issues, the Board requested Forest Park provide quarterly reports regarding the progress made in addressing the outstanding issues. Forest Park agreed to provide a quarterly report to the Director of the Board.

Regarding new business, the Director advised trustee reports received on the perpetual care trust funds covering fiscal year ending May 31, 2006 reflected Argent transferred funds out of the perpetual care trust funds of Forest Park Cemetery and Forest Park West Cemetery, pursuant to correspondence directed to Argent from Mr. Lomison dated January 12, 2006. According to the Mr. Lomison's correspondence of January 12, 2006, the transfers (\$226,619.33 from Forest Park Cemetery and \$176,759.39 from Forest Park West Cemetery) were for memorial care deposits since 2001.

Upon review of the information, the Director sent correspondence to Mr. Lomison requesting a detailed explanation regarding the withdrawals, as well as, detailed account information from January 2006 through present, on the Smith Barney accounts, which received the withdrawals via wire transfer. Mr. Lomison's response dated October 29, 2009, indicates memorial care is considered operating income. The Director also reported that wire transfers re-depositing the funds were made November 4, 2009 to the perpetual care trust funds at Argent as follows: \$177,000 to Forest Park West Cemetery and \$227,000 to Forest Park Cemetery.

The Director also advised correspondence was forwarded to Argent requesting a detailed explanation regarding the withdrawals and requesting a representative of Argent be present at today's meeting. Argent's response indicates the withdrawals were allowed in error.

Chairman Melancon asked Mr. Lomison for an explanation regarding the withdrawal of funds. Mr. Lomison stated the withdrawals represented memorial care contributions only and not perpetual care money garnered from the sales of grave spaces, crypts or niches. In 2006, Forest Park took the position that because we had not initially added memorial care to our contracts, we viewed memorial care as part of the cemetery's operating income and requested the withdrawals. Argent complied, and the money was deposited in a separate account. As indicated by the Director, and confirmed by Ms. Holmes, we wired the funds back to Argent this week. After receiving the letter from the Board, we reviewed and revisited the situation again, and I am not interested in having issues, I am just interested in being a good operation in Louisiana. We still have to provide the backup data to the Board, which we will do. Mr. Lomison apologized to the Board for any error made. The Director stated without the information requested, she could not advise the Board regarding what transpired with the funds after they left Argent.

Mr. Boudreaux asked Mr. Lomison what was the distinction between perpetual care and memorial care. Mr. Lomison said they define memorial care as the marginal additional maintenance that is required when a memorial is installed. It was introduced in 2001 but

it took us a couple of years to implement it into our contracts, and in all due respect, we did indicate clearly it would be put into the endowment care trust fund. The Director indicated information in her office, prepared by Forest Park and provided to the legislature in 2003; indicated memorial contributions will be placed into the endowment care trust funds and was implemented in November 2001. It is also in the cemeteries rules and regulations that memorial care contributions will be placed in trust.

Chairman Melancon asked what was the money used for, or was it just in an account earning interest. Mr. Lomison said yes, but occasionally they made a loan to the cemetery, which is documented, and it was always for the benefit of Forest Park. The Director stated she did not believe they had sufficient documentation to determine the extent of any violation(s), which have occurred. Although the funds have been re-deposited, it is a serious issue that requires additional documentation to determine what happened to the funds when they left Argent.

Further the Director stated the trustee, Argent, violated Title 8 and requested Ms. Holmes provide an explanation to the Board. Ms. Holmes reviewed her memo detailing steps taken to insure this does not happen in the future, including new desk procedures for anyone handling cemetery trust now or in the future. The procedures clearly state that no principal cash should be distributed from perpetual care trust funds. Argent has also requested their internal auditors periodically check all perpetual care account to insure no principal cash distributions have occurred. Ms. Holmes assured the Board Argent understands the seriousness of this matter and took immediate action when this matter was brought to their attention.

Mr. Boudreaux asked Mr. Lomison what were the differences between the obligations for using the interest income of perpetual care and memorial care, and if they are one in the same why not call it all perpetual care. Mr. Lomison said they are one in the same, and they are looking at making some adjustments. The Director stated in the past the Board has viewed the law as setting the minimum required perpetual care deposit only, and if a cemetery chooses to deposit more than the minimum, and many do, later the cemetery cannot take credit against excess deposits, for required deposits due under the law. Title 8 does not allow withdrawals from perpetual care trust fund.

The Director stated the Board needed to provide direction regarding how to proceed with this matter, even though the money was re-deposited into the trust funds the violations nonetheless did occur. Title 8 provides for administrative action against licensees, Argent is a trustee and not a licensee of the Board. If a violation by a trustee occurs that is not corrected to our satisfaction, Title 8 does provide authority to the Board to seek appropriate orders from the court to protect and preserve the trust funds.

Chairman Melancon expressed concern about the loss of income for Forest Park on the \$403,000 withdrawn, at a time when the cemetery is having maintenance issues. Additional information is still need regarding the accounts the money was transferred to; how the money was invested; and who profited from the money transfer. Ms. Holloway stated that since Mr. Lomison had testified before a legislative committee regarding

memorial care being placed into the perpetual care trust, this was a very serious matter. In addition, Forest Park entered into a Consent Agreement with the Board knowing those funds had been withdrawn, but Forest Park did not make the Board aware of that fact.

After discussion, Ms. Holloway made a motion for the Director to work with Forest Park and Argent to gather the facts regarding what happened to the funds once they were withdrawn from the trust funds and report back to the Board. The motion was seconded by Mr. Boudreaux and unanimously approved.

The Board thanked Mr. Lomison, Ms. DeYoung and Ms. Holmes for attending.

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Westlawn Cemeteries, LLC d/b/a Westlawn Memorial Park, Gretna, LA – Requests for Extensions on Chapel of Faith South Wing & Vineyards Phase II.

The Director advised in May 2007 the Board had granted one-year extensions on the completion dates of Chapel of Faith South Wing & Vineyards Phase II. The reasons for the extensions were related to Hurricane Katrina. Title 8 provides extensions, not to exceed one year, may be granted by the Board for reasonable cause. It does not provide for extensions related to Acts of God.

Chapel of Faith South Wing is a 699-crypt extension, the date of first sale was July 2003 and the previous extension expired July 2009. On November 4, 2009, the Director met with Mr. Fauchaux and toured the construction site. Completion is anticipated in March 2010.

Vineyards Phase II is a 560-crypt extension, the date of first sale was February 2004 and the previous extension expires February 2010. On November 4, 2009, the Director met with Mr. Fauchaux and toured the construction site. Completion is anticipated in June 2010. Photographs of both projects were provided to the Board.

Mr. Fauchaux stated last September, they doubled their construction crew in an effort to meet the construction deadlines. Westlawn has adequate inventory to relocate any pre-construction contracts, should the need arise, to a property of equal or greater value at no cost to the consumer. The Director stated no consumer complaints had been received in this regard. Ms. Mize stated that Title 8 provides that if the projects are not completed within the time specified, all monies paid plus any monetary penalties assessed by the board shall be paid to the purchasers, unless the cemetery authority delivers a completed interment space acceptable to the purchaser in lieu of the interment space purchased. In this case, adequate inventory is available and there are no consumer complaints.

Mr. Boudreaux asked because of the unusual circumstances surrounding Hurricane Katrina could the Board grant an additional extension beyond the previous one-year extension granted in May 2007. Assistant Attorney General, Ryan Seidemann, stated Title 8 does not provide for that and agreed with Ms. Mize's recommendation. Mr.

Seidemann recommended this be addressed legislatively by amending Title 8 to provide for an Act of God clause.

After discussion, Mr. Boudreaux made a motion to have the Director monitor the projects to make sure they are completed within the specified time representations made to the Board. The motion was seconded by Ms. Patin and unanimously approved.

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Westlawn Cemeteries, LLC d/b/a/ Westlawn Memorial Park Gretna, LA – Revised Pre-Construction Sales Projects for Vineyards Phase III & Our Lady of the Angels

Mr. Fauchaux is requesting a modification to the Pre-Construction Sales Project previously submitted for Vineyards, which increase the number of crypts spaces by forty-two (42).

A modification is also being requested on the Pre-Construction Sales Project previously submitted for Our Lady of the Angels. The original application provided for Building “D” to be constructed first. The modification request is to build a portion of Building “C” and a portion of Building “D” to accommodate the construction of a fully covered corridor. This modification decreases the crypt count from 270 crypts to 216 crypts.

There was a discussion regarding the rendering submitted with the Our Lady of the Angels application. The Board recommended a disclosure be added to the rendering which indicates the likeness reflects the completed project in its entirety

Ms. Holloway made a motion to approve the modifications requested. The motion was seconded by Ms. Leufroy and unanimously approved.

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Ms. Leufroy made a motion to adjourn for lunch at 12:30 P.M. The motion was seconded by Ms. Patin and unanimously approved.

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Since copies of the Minutes of the Meeting held May 22, 2009 had been previously mailed to each Board Member, the Chairman asked if there was any discussion and/or amendments. Ms. Leufroy made a motion to approve the Minutes of the May 22, 2009 meeting as presented. The motion was seconded by Mr. Boudreaux and unanimously approved.

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Report of Officers

The Secretary/Treasurer, Ms. Holloway asked the Director to review the financial statements of the Board.

The Director reviewed the Statement of Operations January through October 2009; Cash & Investments as of October 30, 2009; and the Budget vs. Actual January through October 2009. After review and discussion, Mr. Boudreaux made a motion to accept the financial statements as presented. The motion was seconded by Ms. Leufroy and unanimously approved.

After review and discussion of the 2009 Proposed Budget Amendments Ms. Leufroy made a motion to approve the 2009 Budget Amendments as presented. The motion was seconded by Ms. Clement and unanimously approved.

The Director then reviewed the 2010 Proposed Budget outlining estimated income and expenses. After a discussion, Ms. Leufroy made a motion to approve the 2010 Budget as presented. The motion was seconded by Ms. Patin and unanimously approved.

After review of the Legal Litigation Escrow Account and Long Term Liabilities and Extra Ordinary Expenses Account Ms. Clement made a motion to allow the funds to remain whole and increase by the interest earned. The motion was seconded by Ms. Leufroy and unanimously approved.

The Director reviewed a copy of the 2008 Revised Review and Attestation, which reflects the implementation of the provisions of GASB Statement #45 requiring the Board recognize the liability associated with other post employment benefits. Prior to the implementation of GASB #45, expenses of this nature were recorded on a “pay as you go” basis and no associated liability was recorded. Currently, there is no requirement in the accounting standards that the liability be funded.

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Report of Director

Sand Hill Cemetery Association, Inc. d/b/a Sand Hill Cemetery, Ponchatoula, LA – Pending Application for Certificate of Authority changing from an Exempt status to a Non-Exempt status. The Director advised the Application for Certificate of Authority is incomplete and reviewed the outstanding documentation needed to complete the application. The Director reminded the Board the cemetery is involved in a civil dispute which is pending in court.

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Woodlawn Mausoleum, Inc. d/b/a Woodlawn Mausoleum, Ferriday, LA – Pending Application for Certificate of Authority for the change in ownership. The Director advised the Application for Certificate of Authority is incomplete and reviewed the outstanding documentation needed to complete the application.

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Old Mt. Olive Baptist Church d/b/a The Methodist Mt. Olive Baptist Cemetery, Grosse Tete, LA – Pending Application for Certificate of Authority changing from an Exempt status to a Non-Exempt status. The Director advised the Application for Certificate of Authority is incomplete and reviewed the outstanding documentation needed to complete the application.

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Church Point Baptist Church, Inc. d/b/a Church Point Baptist Church Cemetery, Church Point, LA – Pending Application for Certificate of Authority changing from an Exempt status to a Non-Exempt status. The Director advised the Application for Certificate of Authority is complete and has been recently sent to the Executive Committee for approval.

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Bethlehem Baptist Church of Flagville, LA d/b/a Bethlehem Baptist Church Cemetery, Hahnville, LA – Pending Application for Certificate of Authority changing from an Exempt status to a Non-Exempt status. The Director advised the Application for Certificate of Authority is complete and has been forwarded to the Special Counsel to the Board; Ms. Mize, but additional documentation is needed prior to approval.

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Garden of Memories of Alexandria, Inc. d/b/a Garden of Memories of Alexandria, Alexandria, LA – Pending Application for Certificate of Authority for the change in ownership. The Director advised the Application for Certificate of Authority is incomplete and reviewed the outstanding documentation needed to complete the application.

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Our Lady of Prompt Succor Mausoleum, Inc. d/b/a Our Lady of Prompt Succor, Westwego, LA – Pending Application for Certificate of Authority for the change in ownership. The Director advised the approval letters were recently received from the Executive Committee and the license has been issued.

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City of Leesville d/b/a Vernon Cemetery, Leesville, LA – Pending Application for Certificate of Authority changing from an Exempt status to a Non-Exempt status. The Director advised the Application for Certificate of Authority is complete and has been forwarded to the Special Counsel to the Board; Ms. Mize, but additional documentation is needed prior to approval.

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St. John the Baptist Church d/b/a St. John the Baptist Cemetery, Crowley, LA - Pending Application for Certificate of Authority changing from an Exempt status to a Non-Exempt status. The Director advised the Application for Certificate of Authority is incomplete and reviewed the outstanding documentation needed to complete the application.

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St. Peter the Apostle Roman Catholic Church d/b/a St. Peter the Apostle Cemetery, Baldwin, LA - Pending Application for Certificate of Authority changing from an Exempt status to a Non-Exempt status. The Director advised the Application for Certificate of Authority is complete and has been forwarded to the Special Counsel to the Board; Ms. Mize, but additional documentation is needed prior to approval.

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Alfortish Cemetery Management, Inc. d/b/a False River Memorial Park, New Roads, LA - Pending Application for Certificate of Authority for the change in ownership. The Director advised the Application for Certificate of Authority is incomplete and reviewed the outstanding documentation needed to complete the application.

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Greater Philadelphia Baptist Church, Inc. d/b/a Greater Philadelphia Cemetery, Slaughter, LA - Pending Application for Certificate of Authority changing from an Exempt status to a Non-Exempt status. The Director advised the Application for Certificate of Authority is incomplete and reviewed the outstanding documentation needed to complete the application.

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Bell Baptist Church of Luling d/b/a Bell Baptist Church Cemetery, Hahnville, LA – Pending Application for Certificate of Authority for the establishment of a new cemetery. The Director advised the Application for Certificate of Authority is complete and has been forwarded to the Special Counsel to the Board; Ms. Mize, but additional documentation is needed prior to approval.

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Tag Services, L.L.C. d/b/a Chapelwood Memorial Gardens, Vivian, LA – Pending Application for Certificate of Authority for a change in ownership. The Director advised the Application for Certificate of Authority is incomplete and reviewed the outstanding documentation needed to complete the application.

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New Orleans Katrina Memorial Corporation d/b/a Katrina Memorial, New Orleans, LA – Pending Application for the establishment of a Cemetery Management Organizations. The Director advised the Application for Cemetery Management Organization is complete and has been forwarded to the Special Counsel to the Board; Ms. Mize, but additional documentation is needed prior to approval.

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Gilbert Memorial Park, Baton Rouge, LA – Perpetual Care cemetery operating without a license.

At the May 22, 2009 meeting the Board recommended Chairman Melancon, Ms. Leufroy, Ms. Seidemann, and the Director meet with the City of Baton Rouge and community leaders to determine if they could be of assistance in this matter.

Mr. Seidemann advised that a presentation was given to the City of Baton Rouge but they have not expressed any interest in assisting in this matter. Attempts will be made to meet with the local community and church leaders to request assistance.

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Ms. Leufroy made a motion to add the New Orleans City Cemeteries to the Agenda. The motion was seconded by Ms. Clement and a roll call vote was taken: Ms. Holloway – yea; Ms. Leufroy – yea; Mr. Boudreaux – yea; Ms. Patin – yea; and Ms. Saenz – yea; and Ms. Clement – yea.

Mr. Seidemann provided a status report to the Board regarding pending complaints against the City of New Orleans Cemeteries for possible desecration of human remains, and advised a meeting is scheduled with the City of New Orleans on November 18, 2009. There was a discussion regarding whether or not there should be licensing and continuing education requirements for individuals handling the openings and closings of graves, as well as, the reuse and rearrangement of human remains. After discussion, Ms. Saenz made a motion to direct Mr. Seidemann, Assistant Attorney General, to proceed with all necessary action to address the issues at the cemeteries owned by the City of New Orleans. The motion was seconded by Mr. Boudreaux and unanimously approved.

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Alfortish Cemetery Management, Inc. d/b/a False River Memorial Park, New Roads, LA – Status Report regarding sales of pre-need merchandise and services by prior owner.

At the May 22, 2009 meeting the Board determined False River Memorial Park must present a plan, to bring the cemetery into compliance with Title 8 regarding outstanding liabilities on cemetery related merchandise and services, to the Board for consideration at its November meeting.

The Director stated she met with Mr. Blake Alfortish on November 3, 2009. The Director advised the cemetery believes there are approximately (73) to (106) outstanding pre-need vault contracts and (2) outstanding pre-need opening and closing contracts, which were sold by the previous owner(s). The cemetery is verifying delivery through internal interment records and viewing dates of death on memorials, but they not probing graves to verify delivery of the vaults. The cemetery has not made perpetual care deposits or provided annual reports for fiscal years ending July 31, 2008 and July 31, 2009, because the prior owner did not provide accounting records to the new owners. They are attempting to gather the information from the prior owner's CPA. The interment records are still incomplete from 2001 through the date of purchase in February 2009. The prior owner sold pre-development mausoleum crypts, and the new owners have completed construction of the mausoleum. Mr. Alfortish is requesting six (6) to twelve (12) months to bring the pre-need liabilities into compliance with Title 8.

After discussion, Ms. Clement made a motion that False River Memorial Park must bring the pre-need vault liabilities into compliance with Title 8 within twelve months, purchasing and storing one fourth (1/4) of the pre-need vaults needed every quarter, and must reimburse the pre-need opening and closings contracts or assign the contracts to a local Funeral Home. The motion was seconded by Ms. Leufroy and unanimously approved.

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Beau Pre' Memorial Park, Inc. d/b/a Beau Pre' Memorial Park, Jeanerette, LA – Status Report regarding Internal Revenue Service Tax Notice against Merchandise Trust Fund. The Director provided the Board with correspondence from Regions Bank, Trustee of the Merchandise Trust Fund, advising the IRS is still reviewing and researching the documentation provided regarding the payment of taxes.

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Evangeline Memorial Park Incorporated d/b/a Evangeline Memorial Park, Ville Platte, LA – On-site Examination of Perpetual Care Trust Fund.

The Director reviewed the finding of the on-site examination, which revealed the cemetery is delinquent in their perpetual care deposits and pre-need storage of vaults, liners, and granite bases. After discussion, Mr. Boudreaux made a motion requiring the cemetery bring the perpetual care deposits and pre-need storage into compliance with

Title 8 no later than forty-five (45) days prior to the next meeting or an Administrative Hearing will be called. The motion was seconded by Ms. Holloway and unanimously approved.

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Bellevue Memorial Park, Inc. d/b/a Bellevue Memorial Park, Opelousas, LA – On-site Examination of Merchandise Trust Fund.

The Director reviewed the finding of the on-site examination, which revealed the pre-need contracts stored with Vantage Vaults were not in compliance with Title 8 and the cemetery is including pre-need inscriptions in the price of their mausoleums and niches. Further, the Director reviewed correspondence dated November 2, 2009 from Bellevue Memorial Park outlining the steps being taken to bring these issues into compliance with Title 8. The Board recommended the Director continue to monitor the progress made in resolving this issue.

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Restlawn Park Cemetery, Inc. d/b/a Restlawn Park Cemetery, Avondale, LA – On-site Examination of Perpetual Care and Merchandise Trust Funds.

The Director advised an examination of Restlawn Park Cemetery was conducted October 14-16, 2009. The examination is not complete and is ongoing. Pursuant to a Court Order, Restlawn Park Cemetery cannot sell pre-need merchandise or services nor can they withdraw funds from their merchandise trust fund when a pre-need contract is delivered. During the examination, both at-need and pre-need contracts were sampled to verify delivery within the provisions of Title 8. Assistant Attorney General, Ryan Seidemann assisted the Director with the verification process. Approximately twenty-five contracts were sampled. Discrepancies were noted in four of the contracts sampled. Corrective action(s) may be needed on some of the discrepancies, which may require the correction of an error pursuant to La. R.S. 8:813.

After discussion, Ms. Leufroy made a motion to expand the number of contracts sampled for verification. The motion was seconded by Mr. Boudreaux and unanimously approved.

Ms. Clement made a motion to delegate the Executive Committee to direct the correction of any errors. The motion was seconded by Ms. Patin and unanimously approved.

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The Director reviewed the Applications for Pre-Construction Sales Projects received since the last meeting, copies of which were before each Board Member.

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Ratification of Certificates of Authority issued

The Chairman asked for a motion to ratify the licenses issued since the last Board Meeting. Ms. Leufroy made a motion to ratify the 2009 Non-Exempt (New/Transfers) #09-492 - #09-494, #09-496 - #09-499, #09-501; 2009 Non-Exempt (Renewals) #09-945, #09-500; and Exempts (New) #1252 - #1258. The motion was seconded by Mr. Boudreaux and unanimously approved.

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On-site Examinations performed since last Board Meeting

The Director stated (20) Perpetual Care and (7) Merchandise examinations since the last Board Meeting.

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Reports of Committees

The Board scheduled the 2010 Meetings for May 6 & 7, 2010 and November 4 & 5, 2010.

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The Board was provided a copy of correspondence from the Louisiana Cemeteries Association to the Governor recommending appointments to the Board for Public Service Commission Districts #1, #2, and #3. The current appointments expire December 31, 2009.

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The Board was provided with a draft of the 2010 Request for Information on Exempt Certificates of Authority to determine if exemption previously granted should be continued, which is scheduled to be disseminated in April 2010.

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Discussion regarding compliance with Title 8 by Trustees of perpetual care and merchandise trust funds. The Board reviewed a draft memorandum to all trustee of perpetual care and merchandise trust funds regarding the requirements to comply with Title 8. After discussion, Ms. Leufroy made a motion to send the memorandum with the recommended changes to all trustees Certified Mail Return Receipt Requested. The motion was seconded by Ms. Patin and unanimously approved.

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The Board was provided a copy of ACT 81 of the 2009 Legislative Sessions, for informational purposes only.

The Board was also provided with a copy of H.R. 3655 of the United States House of Representatives to direct the Federal Trade Commission to establish rules to prohibit unfair or deceptive acts or practices related to the provisions of funeral services. This legislation is pending and has not been acted on.

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The Director reported the Examination and Inspection Committee reviewed the current trust fund reports on October 28, 2009. A spreadsheet was provided to the Board outlining each Perpetual Care and Merchandise Trust Fund and their current balances.

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The Director reported there has been no action by the Rules and Regulations Committee since the May 22, 2009 meeting.

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Old Business

Alexandria Garden of Memories, Inc. – Status Report regarding Order issued in Administrative Hearing #2008-002. The Director stated no progress has been made with Mr. Claiborne regarding delinquent deposits to his perpetual care and merchandise trust funds, and the pending application for the change in the ownership of the cemetery.

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Oak Lane Memorial Park, L.L.C. – Status report regarding conditions on issuance of Certificate of Authority. The Director advised the cemetery began sales in May 2009. Further, the Director met with Mr. Bonfanti and his staff on June 19, 2009 to review the requirements of Title 8 and the conditions set by the Board on the Certificate of Authority issued.

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Attorney General’s Opinion request regarding jurisdiction. Mr. Seidemann stated the opinion would be released in the very near future.

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New Business

Public Comment

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Executive Session

Ms. Leufroy made a motion to go into Executive Session for reviewing staff performance. Mr. Boudreaux seconded the motion and a roll call vote was taken: Ms. Holloway – yea; Ms. Leufroy – yea; Mr. Boudreaux – yea; Ms. Patin – yea; Ms. Saenz – yea; and Ms. Clement - yea.

At the conclusion of the Executive Session, Ms. Leufroy made a motion to raise the yearly salary of the Assistant to the Director, Anna H. Aucoin by six percent and the Director, Lucy L. McCann by four percent effective the first pay period in 2010, and to adjust the 2010 Budget accordingly. The motion was seconded by Ms. Holloway and unanimously approved. The Director and Assistant to the Director thanked the Board for their consideration.

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Since there was no further business, Mr. Boudreaux made a motion to adjourn at 4:50 P.M. The motion was seconded by Ms. Holloway and unanimously approved.

Shelly M. Holloway, Secretary/Treasurer

Attested To:

Gerald W. Melancon, Chairman