

Minutes of Meeting  
Louisiana Cemetery Board  
May 13, 2016

The regular meeting of the Louisiana Cemetery Board was held May 13, 2016, at 3445 N. Causeway Boulevard, Suite 509, 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  
F. Anton Wilbert, Board Member  
Stacey L. Patin, Board Member  
Richard C. Briede, Board Member  
Lucy L. McCann, Director  
Jerry W. Sullivan, Special Counsel to the Board  
Ryan M. Seidemann, Assistant Attorney General

Absent was: Louise F. Saenz, At-Large Board Member

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Pattie Terrell, Live Oak Trust, Houston, Texas; Justin D. Wilson, Esq., Live Oak Trust, Houston, Texas; Ashlee Theising, ClearPoint Federal Bank & Trust, Batesville, Indiana; Elizabeth Kmiec, ClearPoint Federal Bank & Trust, Batesville, Indiana; Debbie Holmes, Argent Trust, Ruston, Louisiana; Jimmy Patin, Greenwood Memorial Gardens, Pineville, Louisiana; and L. Paul Raymond and Lubin Raymond, American Cemetery Consultants, LLC., New Orleans, Louisiana.

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**Public Comment**

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Ms. Leufroy made a motion to take the agenda out of order to accommodate guest that were in attendance. The motion was seconded by Ms. Patin and unanimously approved.

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**Old Business**

Live Oak Banking Company (“Live Oak”) – Request to serve in the capacity of trustee under the provisions of Title 8.

Copies of the correspondence between Special Counsel to the Board, Jerry Sullivan and Live Oak since the November 6, 2015 meeting were before each Board Member.

Regarding the Investment Advisory Agreement, Special Counsel for the Board, Jerry Sullivan requested Live Oak modify the last sentence of Section 9 of the agreement which currently indicates the Advisor could make asset valuations. Justin Wilson and Pattie Terrell addressed the Board advising Live Oak would make the necessary changes to the language to indicate that the Advisor would not be making asset valuations.

Mr. Sullivan asked Live Oak to confirm that the Advisor would carry E &O (errors and omissions) coverage. Mr. Wilson confirmed that was part of Live Oak's due diligence process with third party vendors and that the trust would be named as a beneficiary.

Mr. Sullivan asked Live Oak to confirm that they would not be maintaining a presence in Louisiana. Mr. Wilson confirmed that was correct, Live Oak has filed with the Secretary of State to do business in Louisiana, but the trust administration will be handled in Wilmington, North Carolina.

Mr. Sullivan stated based on the information presented, and assuming the agreed upon change is made to Section 9 of the Investment Advisory Agreement, his recommendation is that Live Oak be permitted to operate as a trustee in Louisiana.

After discussion, Mr. Briede made a motion, upon receipt of the agreed upon changes to Section 9 of the Investment Advisory Agreement, Live Oak be permitted to operate as a trustee in Louisiana. The motion was seconded by Mr. Wilbert and unanimously approved.

Live Oak thanked the Board.

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ClearPoint Federal Bank & Trust – Request to serve in the capacity of trustee under the provisions of Title 8.

Copies of the correspondence between Special Counsel to the Board, Jerry Sullivan and ClearPoint Federal Bank & Trust (“ClearPoint”) since the November 6, 2015 meeting were before each Board Member.

Special Counsel to the Board, Jerry Sullivan, advised that ClearPoint has registered with the Secretary of State to do business in Louisiana and has received approval from the Louisiana Office of Financial Institutions.

Mr. Sullivan stated that questions were recently raised regarding the current investment being utilized by SCI, more specifically, certain mutual funds which could invest in derivatives (options). Further, Mr. Sullivan stated that it was his understanding that ClearPoint had reviewed the funds for the last year and determined no options had been

maintained in those accounts; and ClearPoint will operate the trust funds with the understanding that derivatives are not permissible investments under Louisiana law.

Ms. Kmiec confirmed that ClearPoint had reviewed all of the funds in ClearPoint’s approved mutual fund list and reviewed their holding for the last four quarters to confirm that they did not have any options. After the review, ClearPoint did remove several funds they felt were at risk of possibly violating the law. Further Ms. Kmiec stated, ClearPoint added language to their investment policy statement, as an added layer of protection, to confirm that ClearPoint would continue its monitoring on an ongoing basis to make sure that there are no violations of the law in the mutual funds and their holdings.

Regarding the monitoring, Mr. Sullivan asked if there would be a model built into the system that will monitor all of the trades and if an option or derivative is purchased in a fund would ClearPoint be alerted? Ms. Theising stated ClearPoint contracted its system with Morningstar, it’s called Morningstar Direct, and it allows us to see the holdings and that will be monitored and reviewed as changes are made to the holding to ensure compliance.

Mr. Sullivan stated, based on the information received to date, he had no further questions and recommends ClearPoint be permitted to operate as a trustee in Louisiana.

After discussion Mr. Wilbert made a motion ClearPoint be permitted to operate as a trustee in Louisiana. The motion was seconded by Ms. Leufroy and carried. Mr. Briede abstained.

ClearPoint thanked the Board.

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Ms. Leufroy made a motion to return to the regular order of the agenda. The motion was seconded by Ms. Holloway and unanimously approved.

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Since copies of the Minutes had been previously disseminated 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 November 6, 2015 Board Meeting as presented. The motion was seconded by Mr. Briede and unanimously approved.

Ms. Holloway made a motion to approve the Minutes of the January 7, 2016 Rules and Regulations Committee meeting as presented. The motion was seconded by Mr. Briede and unanimously approved.

Mr. Briede made a motion to approve the Minutes of the March 14, 2016 Executive Committee meeting as presented. The motion was seconded by Ms. Holloway and unanimously approved.

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**Report of Officers**

The Director reviewed the Statement of Operations for year ending December 31, 2015; the Cash & Investments as of December 31, 2015; the Statement of Operations January through April 2016; Cash & Investments as of April 30, 2016; and the Budget vs. Actual January through April 2016. After review and discussion Ms. Leufroy made a motion to accept the financial statements as presented. The motion was seconded by Ms. Patin and unanimously approved.

The Director reviewed the 2016 Proposed Budget Amendments. After review and discussion, Mr. Briede made a motion to accept the 2016 Proposed Budget Amendments as presented. The motion was seconded by Ms. Patin and unanimously approved.

The Director also disseminated to the Board Members for their information a copy of the Agreed-Upon Procedures and Financial Statements for year ending December 31, 2015 prepared by Pinell & Martinez, LLC, Certified Public Accountants. The Director also reviewed the implementation of GASB 68 “Accounting and Financial Reporting for Pensions”. While the Board’s portion of net pension liability must be reflected on the financial statements as Noncurrent Liability, similar to the OPEB (other post-employment benefits) liability, the Board is not required to fund these liabilities.

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**Report of Director**

The Director reported on matters being handled by staff and not requiring action by the Board at this time.

There was a discussion regarding the need of an additional employee to handle the workload associated with the enforcement of Title 8. After discussion Mr. Briede made a motion to authorize the Executive Committee to work with the Director on the criteria for a new position and hire a new employee which would be ratified at the next regular meeting of the Board. The motion was seconded by Mr. Leufroy and unanimously approved.

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The Director reviewed the Applications for Pre-Construction Sales Projects received by the Board since the last Board meeting. After review and discussion, Ms. Leufroy made a motion to approve the Applications for Pre-Construction Sales Projects received since the last Board meeting. The motion was seconded by Ms. Patin and it was unanimously approved.

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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 2015 Non-Exempt (New/Transfers) #15-524 - #15-527; 2015 Non-Exempt (Renewals) #15-528; 2016 Non-Exempt (New/Transfers) #16-001, #16-369, #16-413, #16-467, #16-523 - #16-524; 2016 Non-Exempt (Renewals) #16-002 - #16-368, #16-370 - #16-412, #16-414 - #16-466, #16-468 - #16-522, #16-525; 2016 Cemetery Sales Organizations (Renewals) #CSO-16-01 - #CSO-16-07; 2016 Cemetery Management Organizations (Renewals) #CMO-16-01 - #CMO-16-06; and Exempts (New) #1377E - #1394E. The motion was seconded by Mr. Briede and unanimously approved.

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**Reports of Committees**

The Director reviewed the May 2016 Summary Report accepted by the Examination and Inspection Committee, Ms. Patin and Ms. Saenz. After review and discussion, Mr. Wilbert made a motion to ratify the Summary Reports as presented. The motion was seconded by Mr. Leufroy and unanimously approved.

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**New Business**

Tri-State Cemetery Conference – July 17-20, 2016, Orange Beach, AL and North American Death Care Regulators Association (DCRA) Conference – August 10-12, 2016, Chicago, IL

After discussion, Mr. Briede made a motion to approve registration and travel for the Director to attend the Tri-state Cemetery Conference and for the Director and the Assistant Attorney General, Ryan M. Seidemann, to attend the DCRA Conference. The motion was seconded by Ms. Patin and unanimously approved.

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2016 Legislation

The Director reviewed pending 2016 legislation which could affect Title 8, the industry, and the administrative functions of the Board, including SB 166, HB 292, HB 672, HB 856, SB 179, and SB 148.

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Legal Contract – George M. Papale, Ad Hoc Legal Counsel

Ms. Holloway made a motion to approve and ratify the legal contract for Ad Hoc Special Counsel to the Board, George M. Papale, covering April 15, 2016 through April 14, 2017, at a rate of \$20,000 per year. The motion was seconded by Ms. Leufroy and unanimously approved.

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**Executive Session**

Ms. Leufroy made a motion to go into Executive Session to discuss litigation. The motion was seconded by Mr. Wilbert and a roll call vote was taken: Ms. Leufroy – yea; Ms. Patin – yea; Mr. Wilbert – yea; Mr. Briede – yea; Ms. Holloway – yea; and Mr. Melancon – yea.

Ms. Leufroy made a motion to come out of Executive Session. The motion was seconded by Ms. Patin and a roll call vote was taken: Ms. Leufroy – yea; Ms. Patin – yea; Mr. Wilbert – yea; Mr. Briede – yea; Ms. Holloway – yea; and Mr. Melancon – yea.

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Since there was no further business, Mr. Briede made a motion to adjourn at 11:45 A.M. The motion was seconded by Ms. Leufroy and unanimously approved.

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Shelly M. Holloway, Secretary/Treasurer

Attested To:

Gerald W. Melancon, Chairman

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