

Red Oak Grove Cemetery Association, Inc.
Special Board of Directors Meeting
August 20, 2020

A special meeting of the board of directors of Red Oak Grove Cemetery Association, Inc., was called to order at 4:00 p.m. in the basement of the Red Oak Grove church by President Bob Rickard. Other board members present were Daisy Wingert, Scott Schroeder, Mike Herring, Myron Holden, Dwight Hughes and Mark Penningroth. Mark Penningroth acted as secretary of the meeting.

The meeting was pursuant to the decision made by the Board of Directors on August 6, 2020, to follow up on matters relating to the establishment of a trust and a related perpetual care fund as required under Chapter 523I of the 2019 Code of Iowa.

A review of the agenda was made, as presented by President Bob Rickard. A change was recommended relative to including the names of Kyle Kuehl and Alex Eischide as helping with the Derecho storm cleanup. A second change was recommended to add the investment of the funds which are to be received in the final distribution from the C.E. Rigby Trust. A final change was recommended whereby the names of Dwight Hughes and Myron Holden be noted as clearing tree limbs, etc. after the last meeting and prior to the Derecho storm. A motion was made by Mike Herring to approve the agenda, including the recommended changes. The motion was seconded by Daisy Wingert and approved unanimously.

A review of the minutes of the August 6, 2020 meeting was made. Following the review, a motion was made by Scott Schroeder to approved the minutes as presented. The motion was seconded by Daisy Wingert and approved unanimously.

President Bob Rickard discussed the assistance from board members and others in clearing the cemetery of tree limbs and twigs as well as straightening up several burial markers, after the Derecho storm of August 10. Bob expressed his thanks for all the help.

Mark Penningroth reported he had spoken with both Citizens Bank and Liberty Trust and Savings Bank, relative to trustee services. He stated Citizens Bank does not offer trustee services. He also stated Liberty Trust and Savings Bank had not gotten back to him after an initial inquiry.

Mike Herring stated he had spoken with Fidelity Bank (formerly Community State Bank). He stated Fidelity Bank offered trustee services, albeit in the person of an individual from northern Iowa.

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A discussion followed regarding the Iowa law pertaining to perpetual care cemeteries. Mark Penningroth handed out to each board member a copy of Chapter 523I of the 2019 Code of Iowa. He reiterated that it is clear the Association's cemetery is a perpetual care cemetery under Iowa. He further reiterated Iowa law requires a minimum of \$25,000 be placed in a perpetual care fund owned by a trust. There was some discussion questioning why the Association couldn't forego a trust arrangement.

Further discussion was held regarding the wisdom of transferring only \$25,000 to a perpetual care fund. Scott Schroeder questioned not transferring a larger amount in order that the fund could actually pay for the care of the cemetery, utilizing investment returns. Mark stated he recommended transferring only the minimum after the establishment of a trust, simply to comply with Iowa law. Mike Herring questioned whether the Iowa Insurance Commissioner's office would agree to a transfer of only \$25,000, given the total funds available to the Association and the overall fact pattern. Mark noted that once the funds are transferred to a perpetual care fund owned by a trust, the funds could not be transferred back to the Association. Mark recommended the only activity of the perpetual care fund would be to collect the minimum amount of plot sale proceeds as required by Iowa law and earn interest or other returns on the account. Mark recommended the expenses care for the cemetery be paid for out of the Association's funds, not trust funds.

After the discussion, Mark Penningroth moved the Association authorize him to:

- Contact Kathleen Kleiman, attorney at law, of SimmonsPerrineMoyerBergman, PLC ("SPMB") to discuss a plan of action
- Reach out to the Iowa Insurance Commissioner's Office ("IICO"), without disclosure of the Association's name, and:
 - Describe the Association's situation
 - Describe the Association's understanding of the Iowa law
 - Request guidance with regards to:
 - Getting into compliance with Iowa law
 - Disclosing the Association's name, with assurances that the Association will not be materially penalized for the years of non-compliance
 - The availability of a written voluntary disclosure agreement ("VDA")
- Enter into a VDA with the IICO
- Form a perpetual care trust under Iowa law, utilizing the draft prepared by SPMB in July and transfer \$25,000 from the Association's account with Fidelity Investments to the Trust

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- Prepare and submit an original filing with the IICO, giving the specifics of the Association's situation
- Prepare and submit the first annual filing with the IICO
- Pay the amount due the IICO for plot sales, interest and immaterial penalties, if any

The motion was seconded by Mike Herring and approved without any noted dissent.

Discussion followed regarding who should be the perpetual care trust's trustee.

Daisy Wingert moved that Jim Jorgensen, CPA, be approached with regards to his willingness to serve as the trustee. The motion was seconded by Mike Herring and approved without any noted dissent.

Mark Penningroth stated he would discuss this matter with Jim Jorgensen.

Discussion followed regarding making future investment decisions.

Scott Schroeder moved that the finance committee continue to make the major investment decisions, seeking input or approval from the Board of Directors as the Committee deems appropriate. The motion was seconded by Mike Herring and approved unanimously.

There being no further business, Scott Schroeder moved to adjourn the meeting. The motion was seconded by Daisy Wingert and approved unanimously. Meeting adjourned at 5:40 p.m.

Respectfully submitted,

Mark Penningroth
Secretary Pro Tem