



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

MINUTES

**JUNE 5, 2020
9:00 AM**

REGULAR MEETING

YOUNGSVILLE TOWN HALL CONFERENCE ROOM

134 US 1A SOUTH

(Teleconference and Web Conference was available)

Chairman Hardwick called the Board Meeting of the Town of Youngsville ABC Board to order at 9:03am. In attendance was Chairman Samuel Hardwick (by teleconference), Members Mary Margaret Norman (by teleconference), Rick Houser (by teleconference), and Todd Casado (by teleconference). Member Danny Stutzman was not in attendance. Also, in attendance was Finance Officer Jaclyn Patterson (by teleconference), ABC Store Manager Laurie Pritchett (by teleconference), and Town Clerk Emily Hurd.

The first item was to approve the Agenda.

MOTION: TO APPROVE THE AGENDA AS SUBMITTED

The motion was made by Member Norman and was seconded by Member Casado. The motion passed unanimously.

Chairman Hardwick read the Ethics Statement.

In accordance with G.S. 18B-201, it is the duty of every Board Member to avoid both conflicts of interest and appearances of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter involved.

There were no conflicts of interest or appearances of conflicts.



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

The next item on the agenda was a Public Hearing for the FYE 2021 proposed Budget. Chairman Hardwick opened the Public Hearing at 9:05am. As there were no comments from the public, Chairman Hardwick closed the Public Hearing at 9:05am.

The next item on the agenda was Citizens' Comments. There were no comments.

The next item on the agenda was the Financial Report. Patterson stated she sent the end of April financial reports in early May and will do the same for the May financials. She stated there were additional problems with Dalcom, noting she was unable to confirm all sales.

Patterson stated Dalcom would also be increasing their monthly service fee from \$99 to \$250 per month. All Members of the ABC Board expressed their displeasure. Patterson stated she was upset with the increase, especially considering the quality of service they have been receiving. She explained she was working on getting a cost analysis to switch to another software. Pritchett explained these fees are in addition to the monthly credit card fees. Patterson stated she was waiting to hear back from both companies on total costs and will forward the information to the ABC Board. Chairman Hardwick stated this situation needed to be addressed. Pritchett explained the credit card terminals they had before Dalcom never had any issues. She stated the Dalcom credit card terminals will reboot while ringing up sales. Pritchett stated credit card terminals cost approximately \$500 a few years ago and she would get more information on replacement costs for next month's meeting. She stated she would like to switch to the new software before the start of the next audit year if possible. Chairman Hardwick requested the information back as soon as possible and the ABC Board could hold a Special Called Meeting if necessary. Pritchett stated she would email the information as soon as it becomes available.

Patterson noted the audit contracts have been signed and they were working on the audit schedule. She explained the note for the land was a construction loan and she did have to resign at the end of the first year for an official loan. Patterson stated this required more interest, approximately \$2,000, and noted the next payment would not be due until next year. When asked about the balance of the loan, Patterson stated the annual payment would be about \$23,000 and she would email the information, including the balance, to the ABC Board.



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

Member Houser noted the payables were high compared to prior months. Patterson explained there was a delay in paying the March invoices due to errors with billing. She stated the payment in May included both March and April shipments. There were still some small errors that need to be corrected.

The next item on the agenda was the approval of the Consent Agenda. The Consent Agenda included Minutes from the ABC Board Meeting on May 1, 2020.

MOTION: TO APPROVE THE CONSENT AGENDA

The motion was made by Member Houser and was seconded by Member Norman. The motion passed unanimously.

The next item on the agenda was Old Business. The first item under Old Business was to continue the discussion on the proposed remodel of the ABC Store, with a report from the Store Expansion / Renovation Subcommittee. Member Houser stated the agents from the Shopping Plaza had inquired if the ABC Board was still interested in moving to that location. He explained COVID-19 has stalled any plans to move at this time and the agents understood. Member Houser stated he also learned that all the developers the committee had met with had withdrawn their interest in purchasing the property. He stated that in order to grow sales, the ABC Store did need more space. Chairman Hardwick noted that with everything that is going on, putting on the breaks and looking forward like we have been is important.

Member Norman thought there were multiple developers interested and Member Houser explained there were, but they have all backed out. Chairman Hardwick understood developers would be hesitant considering the uncertainty during this time. Member Casado agreed it was a challenging time for businesses to start or expand. He stated it would be in the best interest of the ABC Board to figure out a way to grow. Chairman Hardwick agreed and stated they may need to reconsider remodeling, or adding to, the current facilities.

MOTION: TABLE THE DISCUSSION ON THE STORE EXPANSION / RENOVATION FOR ONE MONTH

The motion was made by Member Norman and was seconded by Member Houser. The motion passed unanimously.



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

The second item under Old Business was to continue the discussion on the updated contract between the Youngsville ABC Board and the Town of Youngsville. Member Houser stated it looked like the total costs would be like last year and Chairman Hardwick stated that was his take as well. Chairman Hardwick stated it looked to him like it would be the same, noting that law enforcement was incorporated into the contract. He asked if there was a dedicated officer and Pritchett stated in previous years the Chief of Police was the ABC Officer. Chairman Hardwick felt it was covered in the contract based on conversations he had with Cordeiro and Pritchett agreed that was how she thought it was set up. Hurd stated there was a Resolution up for adoption at the Board of Commissioners' meeting to appoint Chief Whitley as the ABC representative for Youngsville, with the ability to approve ABC permits.

Chairman Hardwick asked if the ABC Board wanted to wait to vote on this contract until they have more information. When asked, Patterson stated she had emailed three sets of calculations for the distribution to the Town. FYE 2019 had a total distribution of \$101,000 that they are still paying off. FYE 2020, based on how she reads the agreement, will have a total of approximately \$117,000 due to the Town. FYE 2021, based on the new agreement, will be approximately \$57,000 due to the Town, which includes the mandatory distribution plus \$12,000 for services. Chairman Hardwick noted this would allow them to start paying down their debts. He inquired if the ABC Board would go back to the original agreement after the debt was paid off and Patterson stated that she did not know. She felt the contract would be looked at annually.

When asked, Hurd stated the agreement had been presented at the April ABC Board Meeting and Patterson shared the contract on the screen. Chairman Hardwick stated this would be part of the proposed budget. Member Houser did not see a difference from last year on what services would be rendered, only a difference in costs. He stated last year's costs were \$3,600 and this year was \$12,000 for the same services. Patterson stated the need to pay all the profits to the Town was removed in the proposed contract and Chairman Hardwick that was correct. He noted the ABC Board would pay a little more each month for services to help cover the costs that the profits helped pay for previously. Based on previous discussions, since the ABC Board was paying less to the Town, the expense for services increased to cover the costs. Chairman Hardwick noted the contract would extend for subsequent additional one-year periods unless either party provides a written notice.

Member Houser stated he didn't see any difference between last year's agreement in terms of what the services provided would consist of. The only difference was the



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

compensation; \$3,600 for FYE 2020 and \$12,000 FYE 2021. Chairman Hardwick stated that he didn't see any major difference either but since the ABC Board would be paying less out of the profits, the Town was adding service fees to cover the costs of services. Patterson stated the total amount projected for FYE 2021 was \$57,000 as compared to the current fiscal year at \$117,000. Chairman Hardwick noted they would keep more money during the upcoming fiscal year to help pay down their debt. Patterson stated the contract also didn't leave an open amount, which works better for everyone's budgeting purposes. Member Casado felt these changes were explained by Cordeiro during previous ABC Board Meetings and Chairman Hardwick agreed. Chairman Hardwick stated the new contract basically makes it clear what the ABC Board is paying, and they will come out ahead while keeping the same assistance they have always had.

MOTION: TO APPROVE THE UPDATED CONTRACT BETWEEN THE YOUNGSVILLE ABC BOARD AND THE TOWN OF YOUNGSVILLE

The motion was made by Member Houser and seconded by Member Norman. The motion passed unanimously.

The next item under Old Business was the FYE 2021 proposed Budget. Member Houser noted the budget was based on FYE 2020 performance, but he was not pleased with how the year has ended. He felt basing the budget on FYE 2019 would be more accurate. FYE 2019 had a net profit of \$100,000, before the distribution to the Town. This was 7% of sales, which is generally what ABC Stores should make as a percentage of sales. FYE 2020 only shows a net profit of \$58,000, which is a 42% decline from the year before even though there was a 14% increase in sales of \$195,000. Member Houser expressed concerns about the decrease in gross profits. He explained the increase in gross profits was only \$18,000, then comparing that to FYE 2019, the gross profit was down 2% as a percentage of sales, which is \$32,000. Member Houser stated he was unsure of the cause, noting it could be because the accounting system is not working well or possibly the ABC Store is buying / selling a different mix of products with less profit. Also, expenses increased 1% as a percentage of sales, in the amount of \$16,000. The change of 2% decline in gross profits and 1% increase in expenses has caused a \$48,000 decline in net income. Member Houser stated that it did not take a lot to have a big impact on the amount of money made. He stated using FYE 2020 as the benchmark standard to base the percentage growth on for FYE 2021 was not something he felt comfortable voting on. The budget was projecting a 4% increase in profit before distribution, but he wanted to see it at 7%.



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

Member Houser noted that if you look at FYE 2019, the personnel and benefits increased 22% and there is a projected increase of 24% for FYE 2021. Just in a two-year period, salaries and benefits have gone up \$80,000, which is 50% more than where we were in FYE 2019.

Patterson explained the payroll numbers came from the current average payroll plus a 5% increase to the manager and assistant manager, with a 10% increase overall in temporary labor. She stated she could reduce that number if the ABC Board wanted. Patterson reminded the ABC Board they were also supposed to start paying on retirement for full time employees plus 6% of their salaries to cover their contribution was included in the budget as well. Patterson explained she looked at it historically to take an average so they would be covered. The goal is to do better than what is budgeted but noted that some of it was not in her control.

Member Casado asked what month they would start paying on retirement and Patterson stated that it had not yet been approved by LGERS. Chairman Hardwick clarified that it was still factored in the upcoming fiscal year and Patterson stated she included the retirement because she believed it would be voted on during the LGERS July meeting. Hurd explained she had received an update from her LGERS representative. She stated it would be a while longer before the ABC Board application would be heard. Based on this information, Patterson stated the amount paid out may not be as high as budgeted. She stated insurance was budgeted higher in order to make sure they were covered since the Town was changing insurance companies.

Member Casado stated the biggest driver for the \$35,000 increase was personnel services and benefits based on the spreadsheet that Member Houser emailed that morning. He stated FYE 2019 was \$162,000 and FYE 2020 was \$197,000. Patterson asked for clarification regarding 12%, wanting to know if it was a percentage of sales and Member Houser stated yes. Patterson stated FYE 2019 to FYE 2020, it doesn't increase at all. It is budgeted to increase in FYE 2021, in part because of the retirement. Patterson stated they have consistently gone over budget in sales. Member Houser noted the percentage change on the second page. The first one is the percentage of sales, which is the same as personnel expenses. In FYE 2020, sales increased by 14%. What that means is, that if they hold personnel as the same percentage as the increase, the payroll expense increased 22%. It also looks like another 24% increase for the FYE 2021. When asked, Member Houser explained which spreadsheet he was looking at.



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

Member Casado cautioned projecting an increase in sales for the upcoming fiscal year. He noted the end of March, all of April and May, and the beginning of June had increases in sales due to the COVID-19 pandemic and bars being closed. Member Casado felt the ABC Board should not expect to repeat that success. Pritchett stated June sales had dropped from what they were previously doing now that people are returning to work. The weekends may still be good, but weekdays have dropped. Chairman Hardwick agreed that people going back to work along with restaurants opening would influence the sales. Pritchett also cautioned that some of the increase in sales came from Wake Forest due to their shortened hours. Patterson noted another reason for the increase in salary was the extended hours.

Chairman Hardwick clarified that Member Houser was requesting the proposed budget be based on FYE 2019 instead of FYE 2020. Member Houser expressed his concerns about the increase in payroll of 22% and 24% over a two-year period. He asked how that would look to the Town if the Town employees' salaries were to increase by this amount. Chairman Hardwick stated he was curious to see how much salaries were increasing as a percentage for the Town. Patterson stated that she did not know what the percentage was, but the salaries did increase greatly last fiscal year due to the pay and classification study. She explained they were trying to bring employees up to the median average and had included the ABC Store manager in their study. Patterson stated they were not paying a huge amount of money per hour and wondered if scheduling was the problem. She stated there may be too many employees at one time but if the ABC Store continues to do this much business, they may need the extra staff. The only way to cut payroll would be to reduce staff hours. Pritchett stated that extra staff was needed during the past few months. She explained there was one employee that would not be returning until September and another had hours cut back at the beginning of this month due to the anticipated reduction in customers. Chairman Hardwick noted there was also the extra hour a day.

Member Casado explained employee costs should be based on a percentage of sales. He stated Pritchett needed to investigate the average across the state for their labor percentage of sales. Member Casado felt there should be some guidance to help figure out staffing needs. He agreed with Member Houser that sales are not going up, but labor costs are growing more than the percentage of sales, which is not a good business practice. Pritchett expressed concerns that some of the new items were not selling well.

Member Houser asked if Patterson could explain how she came up with the \$245,000 budget figure for this coming year. Patterson explained she took one of the most recent



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

payrolls, which may have been during one of the high times and calculated that out for part time employees. Then, she calculated \$3,600 every two weeks with a 10% increase because we are increasing sales and the salaries tend to increase as well. Patterson also increased the manager and assistant manager salaries by 5%, most of that would cover the costs of retirement. Patterson noted this was not an exact number, but she wanted to have a buffer just in case. Member Houser stated his experience with Chambers of Commerce was to have the personnel committee meet with the manager and come up with a budget figure based on how many employees they need. This figure would then be brought back to the ABC Board for approval. Member Houser felt they should look at this more, especially with a 24% increase over the prior year. Chairman Hardwick stated an increase in salaries is expected based on what they have gone through over the last year but 24% made him leery. He stated the fiscal year starts soon so they needed to decide on how to move forward.

Patterson stated the budget needed to balance, if there is a decrease in salaries, then there needed to be a decrease in revenue, perhaps sales. Member Houser stated that since the ABC Store was not a non-profit business, they did not have to budget for a \$0 net income. He stated they intended to use the net income to pay off their debts. If Patterson needed to budget to \$0 net income, then use debt payments to offset. Member Houser stated they seemed to be backing up. In FYE 2019, they made \$100,000 and FYE 2020 they made \$61,000. Patterson noted this year was not over yet so the numbers would change.

Pritchett stated they have increased inventory substantially, but they have a lot that is not selling. Member Houser stated that based on the April financials, inventory was at \$90,000. He stated that all he had to go off was the reports each month, but he would like to see the inventory up to \$130,000. Member Houser noted it was going to take net profit to do that. They needed to get the cash from somewhere, perhaps pulling distributions and debt payments out to come up with net income.

Member Norman inquired about matching salaries to most ABC Stores so that our employees were on par with what other ABC Store employees were being paid. She thought that factored into salaries as well. Chairman Hardwick and Patterson agreed they were under that impression as well. Chairman Hardwick reminded the ABC Board that employees were also getting hazard pay during the Stay at Home Order. Patterson stated she could break that amount out using a special report. Chairman Hardwick noted that wasn't a large amount based on the limited time for the hazard pay but it does affect the



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

overall total for FYE 2020. Member Casado stated this went back to the point Member Houser was making that those salary numbers should not be projected into FYE 2021.

Patterson asked the ABC Board how they would like for her to calculate salaries and Member Houser felt the personnel committee should meet with Pritchett and project the base pay for each employee to come up with their ending salary amount.

Chairman Hardwick expressed concerns about not having a budget adopted during the meeting and Hurd explained if there was not a budget in place on July 1st, they should be able to adopt a continuation budget. She stated the ABC Board could table the discussion on the proposed budget until a Special Called Meeting to give them more time to look over it. Hurd stated that Cordeiro would have more information regarding the process for continuation budgets. Chairman Hardwick suggested suspending the discussion for a couple of weeks to update the information. This would allow time to make changes and adopt a budget before the end of the fiscal year.

MOTION: TO TABLE THE DISCUSSION ON THE FYE 2021 PROPOSED BUDGET FOR 1 MONTH.

The motion was made by Member Norman and was seconded by Member Houser. Member Houser stated he just pulled up the ABC Commission website and noted over 437 stores have net profit percentages of 13.24% and the operating expense percentage is 7.5% of sales while Youngsville is 17% of sales. Member Houser expressed concerns about being well over the state average. Member Casado stated they needed to start using labor smarter as it was one of their biggest expenses. He stated this was something the ABC Board could help Pritchett manage to reduce costs.

Chairman Hardwick stated there needed to be something in place for July 1st. After a brief discussion, the ABC Board decided to hold a Special Call Meeting on June 30th to discuss the updated proposed budget.

AMENDED MOTION: TO TABLE THE DISCUSSION ON THE FYE 2021 PROPOSED BUDGET UNTIL JUNE 30, 2020 AT 9AM

Member Norman amended her motion and Member Houser seconded the amended motion. The motion passed unanimously.



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

Chairman Hardwick stated the personnel committee needed to meet with Pritchett to get those numbers as soon as possible. Member Norman wanted to clarify what information she and Member Stutzman needed to obtain. Chairman Hardwick stated they needed to meet with Pritchett to go over personnel, hours and payroll to come up with a plan so that Patterson could amend that section of the proposed budget. Member Norman stated she would get with Member Stutzman.

The next item on the agenda was New Business. There was no New Business.

The next item on the agenda was Reports and Other Business.

Chairman Hardwick noted the plexiglass guard had been installed at the ABC Store. Pritchett stated they were still following protocols.

Member Houser wanted to commend Patterson and Staff, noting that everything looked great every time he has been in the ABC Store. He stated there is a company, JAN-PRO, that Benchmark used to sanitize their buildings for a reasonably low price. If Pritchett wanted to move in that direction, he would provide the contact information. Member Houser felt this would help with employee and customer safety to be sanitized weekly. Pritchett stated they have been very thorough and expressed concerns about the additional expense. She stated they will continue to keep the ABC Store sanitized at this time. Chairman Hardwick suggested getting a quote so the ABC Board could discuss. Member Houser stated he would have them contact Pritchett.

Member Casado stated he turned in his formal resignation to Cordeiro but noted he could continue while the Town looks for his replacement. Hurd stated they have not received any applications. When asked, Member Casado stated he would be able to attend the June 30th Special Called Meeting. Chairman Hardwick thanked Member Casado, noting the ABC Board appreciates his service and the time he has invested.

Hurd gave an update on the status of the ABC Board's application to LGERS. She explained that in March, she received an email from LGERS requesting information for an April meeting regarding applications. Hurd stated that she was unable to get the information to LGERS in the short amount of time allotted. The missing information is in reference to the June 1971 Special Election to create the ABC Board. They need a sample ballot, certified ballot count, etc. The Franklin County Board of Elections, the NC State Board of Elections, and the NC State Archives Department do not have the information.



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

Hurd stated she was later informed there would be a meeting in April, which included three other applicants, was postponed indefinitely. She stated that she will continue researching the 1971 Special Election but LGERS does not have any idea of when they will hear the cases already before them. Hurd stated she may be able to get added with the other three cases if she can get the requested information. She stated the representative with LGERS is inquiring about how the ABC Board can move forward without the election information.

When asked, Hurd explained she was talking about the NC Local Government Employees Retirement System (LGERS). She explained applicants had to go before their Board in order to be approved to join LGERS. The information requested goes towards proving the eligibility of applicants. Chairman Hardwick stated former Mayor Underwood kept a lot of information and he would see if there was anything reading the ABC Board in those files. Hurd stated she has a letter from the Board of Elections in June of 1971 that shows the final ballot count, including the signatures of those working the election. However, this is not a notarized copy and the sample and actual ballots are not included. Hurd stated she has the minutes that show the creation of the ABC Board and information from the State Legislator that allowed for the Special Election. She also has information regarding the presentation from the State for the creation of the ABC Board and original budgets that include the start up for the ABC Store.

Hurd stated Member Casado's resignation was presented to the Board of Commissioners during their May Board Meeting. They were very appreciative of his service. Hurd stated she has put information regarding the vacancy on the webpage to solicit applications, but she has not had any applicants at this time.

Hurd reminded the ABC Board their July meeting would be on July 3rd, which was the day the Town observed the July 4th holiday. After a brief discussion, the ABC Board decided to postpone their July meeting by one week.

The next item on the agenda was Closed Session. Chairman Hardwick stated the ABC Board needed to go into Closed Session to discuss personnel, NCGS 143-318.11 (6).

MOTION: TO GO INTO CLOSED SESSION TO DISCUSS PERSONNEL, NCGS 143-318.11 (6)



Youngsville ABC Board
P. O. Box 387
101 N College Street
Youngsville, NC 27596
(919) 556-3590
ABCStore@townofyoungsville.org

The motion was made by Member Houser and was seconded by Member Casado. The motion passed unanimously. The ABC Board entered Closed Session at 10:21am. The ABC Board exited Closed Session at 10:40am.

Chairman Hardwick noted the ABC Board went into Closed Session to discuss personnel. The only action taken was approval of the Closed Session Minutes from February 7, 2020, April 3, 2020, and May 1, 2020

The meeting adjourned at 10:40am upon a motion made by Member Houser, seconded by Member Casado and passed unanimously.