



Youngsville ABC Board
P. O. Box 387
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ABCStore@townofyoungsville.org

MINUTES

FEBRUARY 16, 2021

9:00 AM

REGULAR MEETING

YOUNGSVILLE TOWN HALL CONFERENCE ROOM

134 US 1A SOUTH

(Teleconference and Web Conference was available)

Chairman Houser called the Board Meeting of the Town of Youngsville ABC Board to order at 9:00am. In attendance was Chairman Rick Houser, Members Kirk David, and Danny Stutzman. Also, in attendance was Town Administrator Phillip Cordeiro (teleconference), ABC System General Manger Bridget Stanley and Finance Officer Jaclyn Patterson (teleconference). Guest included Mayor Fonzie Flowers (teleconference) and Austin Cavanaugh (teleconference) of the NC ABC Commission.

The first item was to approve the Agenda.

MOTION: TO APPROVE THE AGENDA AS SUBMITTED

The motion was made by Member Stutzman and was seconded by Member David. The motion passed unanimously.

Chairman Houser went over 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.

The next item on the agenda was Citizens' Comments.



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Stanley polled those on teleconference and stated no one had registered to speak. There were no comments.

The next item on the agenda was Old Business. The first item under Old Business was an update on the renovation and relocation of the ABC Store. Chairman Houser thanked Cordeiro and Stanley for their efforts on the Property Committee. He stated Stanley has worked hard on the Capital Budget for the new ABC Store.

Capital Budget for New Store	Provider	Cost	Operating/Start Up Budget	Estimate	Allocation	Sources and Uses of Funds	Available
Design/Consultation	Rick Turner	\$ 3,736.00	Inventory	\$ per Linear Ft	\$ 200,000.00	Sale of Property	\$ 190,000.00
Fixture Estimate	Rick Turner	\$ 68,361.00	Operating Capital	6 months Exp	\$ 50,000.00	Working Capital	\$ 48,000.00
Covid Screens	Rick Turner	\$ 1,155.00	Totals		\$ 250,000.00	Capital Budget	\$ 135,505.00
Light Fixtures/Installation	Rick Turner/Landlord	\$ 9,453.00				Operating Budget	\$ 250,000.00
Flooring/Installation	Rick Turner	\$ 14,000.00				Borrowing Need	\$ (147,505.00)
Tenant Upfit	Landlord	\$ 10,000.00					
Cash Registers	?	\$ 15,000.00					
Computers	POS Provider or Best Buy	\$ 1,000.00					
Office Equipment	Office Depot	\$ 2,000.00					
Security System	Sonitrol	\$ 2,000.00					
Telephone System	Nextiva	\$ 1,000.00					
Outdoor Signage		\$ 5,000.00					
Desks, Tables and Chairs	Various	\$ 2,500.00					
Kitchen, Bathroom & Cleaning Supplies	Sam's	\$ 300.00					
Totals		\$ 135,505.00					

Chairman Houser noted Rick Turner had returned the cost estimates on the upfit of the new ABC Store. The proposed lease included a rate of \$12.50 per square foot base rental rate with a \$3 TACM fee added for taxes, insurance, and maintenance. He explained the TACM charge was adjusted yearly based on expenses. At a total rate of \$15.50 per square foot, the ABC Store can look at a monthly rental cost of approximately \$4900. Chairman Houser explained this was a good rate for the Shopping Plaza, noting real estate agents have said similar spaces can rent for over \$20 per square foot. He felt the Shopping Plaza was the main shopping district in Youngsville and felt the ABC Board was getting a great rental rate. As people in the area go to the Shopping Plaza to buy their groceries, go to the drug store and hardware store, this makes it a good location for the ABC Store for the next ten years.

Chairman Houser noted the Town Attorney, who reviewed the lease for the ABC Board, had one concern. Though the ten-year term helped to get the lowest rate possible, her concern was a risk the anchor store, FoodLion, would close. He stated they added a clause to the lease that if the grocery store closed, the ABC Board had an option to terminate their lease after six months.



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Chairman Houser stated they have a preliminary Capital Budget that shows the costs of opening the new ABC Store. The only thing he wanted to vote on today was the proposed lease. Once the lease has been approved, then that would make the contractor more comfortable spending money on the architectural drawings and permitting. Chairman Houser noted the ABC Board has already applied with the NC ABC Commission for the approval of the relocation of the ABC Store. A representative will come out February 24th for the initial investigation and if everything went well, the Youngsville ABC Board should be on the March 10th agenda for the NC ABC Commission Board Meeting. Chairman Houser noted Laurie Lee felt Youngsville will be approved at that time. He stated on March 10th, after the approvals from both the ABC Board and the NC ABC Commission, they can sign the lease and start the permitting process. There are a lot of things coming into play around the same time.

Chairman Houser broke down the numbers included in the Capital Budget for the new ABC Store. He reminded the ABC Board that Mr. Turner will be able to get some of the fixtures at a lower cost than the landlord. The difference between the allowances from the landlord and what it would take for the ABC Board to be move in ready is \$10,000. This will be payable when the landlord turns over the building, which is expected to be around the first of June. Once the landlord turns over the facility, it will give Mr. Turner time to install the fixtures and shelving, which should take approximately two weeks. This will give Stanley about two weeks to stock the shelves and be ready to open around the first of July.

Stanley explained she, Member David and Cordeiro have been working on getting demonstrations from the different software companies for the cash register systems. She noted they have already met with Carolina Data Systems. Stanley stated the quote listed on the Capital Budget could change depending on which company they go with and the equipment being installed. She explained they were not only looking at costs but at systems that tailor to the needs of Youngsville. Stanley stated Carolina Data Systems was looking into the ability to repurpose the registers at the current ABC Store to reduce expenses. As for computers, she noted it depended on which company they went with. The contract may include the back-office computer, or the ABC Board may purchase their own if it is more cost effective. Stanley noted she just received updated information from Sonitrol this morning regarding the security system. She received the official quote for the ABC Store and explained Cordeiro had already vetted the company as the Town was using them to do Town Hall and the new Public Works facility. Stanley stated Sonitrol was in the process of updating all of Wake County's ABC Stores with the same equipment Youngsville was quoting. She stated they are giving us their bulk rate



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discount since they are already ordering the same equipment for Wake County. Stanley stated she spoke with Nextiva regarding phone services. She explained this was another company vetted by the Town. Stanley stated she contacted five companies for quotes on outdoor signage; requesting a quote for standard block lettering and requesting a separate quote for design proposals that incorporate our logo.

Chairman Houser stated he included a budget for furniture but noted the drawings included a built-in style desk. If that is included in the contractor quote, it will open some funds to be moved to another line item. He also included a small amount for startup supplies like cleaning, kitchen, and bathroom essentials.

Chairman Houser reiterated these were just preliminary numbers, noting he felt good about Mr. Turner's estimates. He wanted to get this done by the end of June as he worried the ABC Board may incur extra fees. The preliminary total was \$135,505.

Chairman Houser stated they also wanted an Operating and Start up Budget, which includes inventory and operating capital. He noted Mr. Turner had noted a figure of \$175,000 based on the linear shelving during one of his presentations, which they rounded up to \$200,000 to allow for some cushion. Chairman Houser stated he also wanted to include six months' worth of expenses and budgeted at \$50,000 for operating expenses. The preliminary Start up Budget was \$250,000.

Chairman Houser also included the Sources and Uses of Funds. He explained the ABC Board will have approximately \$137,000 in asset purchases and \$250,000 in operating capital. This will be offset by the proceeds from the sale of the property in the amount of \$190,000 and the \$48,000 from the debt forgiven by the Town. He explained the Board of Commissioners voted by Resolution to forgive this debt. When offsetting those two sources of funds against the expected expenses, the ABC Board is about \$150,000 short. Chairman Houser stated there was still some time to make final decisions and noted they will have to do Requests for Proposals (RFP) with local banks. Based on his experience, he felt the funding need would be more inline with a line of credit instead of a monthly payment loan.

Chairman Houser stated he felt good about the figures presented, noting they would change some but figured they would not change by more than 10%. Stanley noted the two items that may have the biggest change was the software contract and the signage. She has requested ballpark information for the signs and the informal quotes ranged from \$3,000 to \$10,000 depending on how elaborate the signage.



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Chairman Houser stated he wanted to give the ABC Board all the information up front before requesting a vote to move forward on the lease. He noted they have not discussed the status of the existing ABC Store in detail. Chairman Houser stated the lease will expire in November and the Property Committee has recommended keeping the current ABC Store open through that time. If the ABC Board were to close and transfer the inventory to the new ABC Store, there was a possibility of not having to borrow money. He stated they will continue to discuss this as they move forward.

Member Stutzman inquired about expenses for the current ABC Store, especially if they lose customers to the new ABC Store. From a retail standpoint, Stanley explained they were looking at two different types of customers. She stated they could pursue keeping the current ABC Store as more of a high-velocity type store that will cater to repeat customers since people already know it is there. Stanley stated it would still be a profitable situation, noting they would not have to spend as much on inventory for that location. The ABC Store at the Shopping Plaza would be where they would keep more variety and harder to get items. This store will garner most of their traffic from the shoppers of the plaza. Stanley felt the current store could still function as a good source of income, especially if it is treated a little bit different from an inventory standpoint. Member Stutzman stated he was not suggesting closing the current ABC Store as soon as the new location opened. He expressed concerns about customers that will not want to return to the current location due to the traffic concerns. When added to the monthly expenses, was the current ABC Store going to attract enough customers to justify keeping it open. Member David agreed there was no way of knowing which ABC Store current customers will choose to use and noted how hard it was to predict. He felt they may have to retrain the customers and make sure they were informed of the new location, especially if the ABC Board decided to close the current location. Member David stated this change would probably annoy a lot of customers, even with the traffic issues, noting customers took ownership of the current location. He wondered if the new location would grab enough business from the areas that do not frequent our current location, such as business from the Franklinton ABC Store. These new customers will not affect the current location sales. Chairman Houser noted there were a lot of subdivisions on the other side of Highway #1 that he does not think frequent the current location, as the Wake Forest and Franklinton ABC Stores may be more convenient for them. Member David wanted to know if there was a way to stay in the current location to get a feel for how business will be affected after the new ABC Store opens and Stanley explained the lease for the current ABC Store ends in November. Currently, there is approximately \$2,000,000 in sales coming out of that building. These sales will not necessarily go away because of



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the new location as Stanley felt it would gain business that will not shop at the current location, noting 100% of the sales will not transfer to the new location. Stanley felt confident she could run the current location through November with minimal operating expenses because it will not be treated the same as the new location. The largest costs are payroll but noted she has control over that. Inventory for the current location has a large cost because they have done a great job ordering hard to get items. This inventory will not be needed at the current location as it can be handled at the new location. Stanley felt confident she could run the current location through the end of the lease with minimal expenses. She stated it was something the ABC Board would need to consider. Member David stated it was appealing to close the current location and move the inventory to the new location as it would save some startup costs. However, it would be easy to get a line of credit to bolster inventory for the new ABC Store and noted it would not be hard to get rid of inventory as some of the inventory they have liquidates quickly. Member David felt it would be advantageous to learn how much the current location can earn. Chairman Houser stated the owner of the current location may be open to renting on a month-by-month basis once the lease runs out in November. He noted he was unaware of any projects that have begun at the current location. Chairman Houser stated that even if the owner started working on a project today, it would still take quite some time to get through the planning and permitting process. He stated it was something the ABC Board should look at. Based on a previous feasibility study, Chairman Houser estimated the new ABC Store would keep the same level of sales they currently have, and the current location would only have to generate approximately \$1,000,000 in sales to break even for both stores. He felt Stanley's estimated sales at \$3,000,000 was certainly feasible if the current location was already doing approximately \$2,000,000. Chairman Houser felt comfortable stating, during the July to November time frame, the ABC Board could afford both locations. Cordeiro agreed, noting there were no guarantees but the only way to find out was to keep the current location open at the same time. He felt total operating expenses would be very low for one quarter. If the ABC Board does find it would be profitable to keep it open long term, the expenses will be worth testing the location.

Chairman Houser clarified he would like a motion to allow the Property Committee to continue moving forward with opening an ABC Store at the Shopping Plaza. He stated the lease will not be signed until after approval of the location by the NC ABC Commission in early March. If anything changes with the lease agreement, it will be brought back before the ABC Board to have the changes approved.

MOTION: APPROVE THE LEASE AGREEMENT WITH BARNETT PROPERTIES LLC AS PRESENTED



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The motion was made by Member David and was seconded by Member Stutzman. The motion passed unanimously.

Chairman Houser stated they were also working on a budget for the new ABC Store. Since the January figures were not finalized, they were unable to present their budget.

Patterson explained she was waiting for the January 26th invoices to be corrected as there were lot of changes during that shipment. She noted Stanley has been in contact with the warehouse numerous times and they have not yet received the final corrections. Patterson stated she did not feel comfortable entering those payables into the system. Because of this issue, she is unable to figure the ending inventory and costs of goods sold in January. Chairman Houser requested the December 31st income statement as it would help him get a head start. He will use those figures to come up with an expected year-end total to help him project the budget for the new ABC Store. Chairman Houser stated he would bring those figures back to the ABC Board next month.

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.

Stanly noted staff and customers have been wearing their masks.

Chairman Houser thanked everyone for their help on this project. He appreciated the ABC Board's involvement in assisting Stanley with the new ABC Store. Chairman Houser felt the ABC Board made the right decision hiring Stanley. He noted she has shown how capable she is in planning to open a new location.

Stanley updated the ABC Board regarding the software demonstrations. She noted Member David has participated in one of the demonstrations and they are working on a quote. Stanley stated Member David also sat in on the demonstration for the security systems. She explained the security panel at the current location is not functioning and the provider has been hard to reach. Stanley stated it would only cost \$528 to update the security system at the current ABC Store. She stated they have a projected update of that system in two weeks.

Cordeiro agreed Stanley has done an excellent job. He noted she has made some changes to the staff and recommended the ABC Board stop to meet the new team members.



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Cordeiro felt she has a great group of individuals to open the new ABC Store and to lead the ABC System in the right direction. He stated she was taking the ABC System in the right direction and appreciated the ABC Board's support of Stanley. Chairman Houser stated he stopped by the ABC Store and spoke with S Pritchett, noting she seemed excited with Stanley coming on board and helping her grow in her job. S Pritchett stated it meant a lot to her.

Chairman Houser asked for an update on the amount due to the Town regarding the profits from the sale of the property. Patterson stated she has been working on getting that information. She noted she was about to send the information to Laurie Lee and Austin Cavanaugh for their approval. Patterson explained her frustration with how the financials are reported with the cash accrual and modified accrual systems. She stated she recorded the sale on the accrual basis and Mrs. Lee had stated that was posted incorrectly. Patterson explained the auditors stated it should have been recorded on a modified accrual system and the assets should not be on the balance sheet even though they are shown on the audited financial statements. She stated she was confused as to what should be shown were. Patterson stated she is trying to confirm the sale has been recorded properly then she will confirm the distribution amount.

Mr. Cavanaugh thanked the ABC Board for having him. He told Patterson he would work with her on getting a resolution for the profit distribution. Mr. Cavanaugh stated he stopped by the ABC Store and spoke with Rhonda. He noted she was very knowledgeable and friendly.

The next item on the agenda was Closed Session. Chairman Houser stated there was a need to go into Closed Session to discuss personnel, N.C.G.S. 143-318.11 (6).

**MOTION: TO GO INTO CLOSED SESSION TO DISCUSS PERSONNEL,
N.C.G.S. 143-318.11 (6)**

The motion was made by Member David and was seconded by Member Stutzman. The motion passed unanimously. The ABC Board entered Closed Session at 9:39am and exited at 9:45am. There was no action taken.

The meeting adjourned at 9:45am upon a motion made by Member David, seconded by Member Stutzman and passed unanimously.