

Youngsville ABC Board
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MINUTES

APRIL 5, 2019

9:00 AM

REGULAR MEETING

YOUNGSVILLE TOWN HALL CONFERENCE ROOM

134 US 1A SOUTH

Chairman Samuel Hardwick called the Board Meeting of the Town of Youngsville ABC Board to order at 9:00am. In attendance was Chairman Samuel Hardwick, Members Mary Margaret Norman and Rick Houser. Also, in attendance was Finance Officer Jaclyn Patterson, ABC Store Manager Laurie Pritchett, Town Administrator Phillip Cordeiro, and Town Clerk Emily Hurd. A representative from the Franklin Times was also present.

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.

Member Houser stated the bank he works for, Benchmark Community Bank, had presented a proposal for financing, but he had no other conflicts on the remaining Agenda items.

The next item was to approve the Agenda.

MOTION: TO APPROVE THE 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 the Financial Report. Patterson stated she will bring a Budget Amendment before the ABC Board next month for some housekeeping items. She noted the numbers for the Financial Statement were done before the March taxes were entered. Patterson explained that meetings early in the month may be missing some information. Chairman Hardwick noted Financial Statements look good for this point in the year.

The next item on the agenda was the approval of the Consent Agenda. The Consent Agenda consisted of:

- i. Minutes from the ABC Board Meeting on March 5, 2019

- ii. Minutes from the Electronic Correspondence between February 22, 2019 and March 5, 2019

MOTION: TO APPROVE THE CONSENT AGENDA AS SUBMITTED

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 ABC Board Appointments per the ABC Commission Website; Chairman Hardwick on January 15, 2017, Member Norman on August 26, 2014 and Member Houser on May 23, 2018. Chairman Hardwick stated terms had been discussed at the last meeting and everyone now has their dates presented. He explained Board Members were appointed for three-year terms. Cordeiro noted Member Norman will continue to serve, if she wishes, until the Board of Commissioners appoints another Board Member. When asked, Member Norman stated she would love to stay.

The second item under Old Business was the calculations on required minimum distributions and working capital (numbers based on current year's budget). Patterson explained she used the current budget numbers to give the Board an idea of the amount for minimum distributions. She stated the ABC Board was required to distribute approximately \$25,373 to the Town. Patterson noted there was an additional 5% requirement specifically for Law Enforcement that was approximately \$4,060 and another 7% minimum requirement for Alcohol Education that was approximately \$5,684. She explained the funds for the Alcohol Education was currently going to the Town and the Youngsville Parks and Recreation Department was distributing information to their players. Patterson explained the ABC Board would need to decide if they wished to continue contributing the 7% to the Youngsville Parks and Recreation Department or decide to go elsewhere with the contributions. Cordeiro wanted to clarify that the Mandatory Distribution of \$25,373 equaled 3.5% of revenue and Chairman Hardwick stated that was correct. Patterson explained that she started with the budgeted revenues, then took out certain taxes and applied the 3.5% to get the final figures.

Patterson explained that Working Capital is based on gross sales less particular taxes. She stated there is a minimum of \$37,343 and a maximum allowed of \$323,637. Patterson noted she used the balance sheets based on the audit to divide out the equity; the net investments for capital equals the net costs of the building, land and other assets. Next, she divided out the designated amount for working capital based on the financial statements. The unrestricted funds equal approximately \$661. Patterson stated we are carrying, based on the previous relationship, the minimal working capital for the ABC Store. Chairman Hardwick stated this information will help keep the ABC Board on track, but obviously our goals are to contribute more if possible. He noted the ABC Board needed to know where the minimum was to make sure that it was met. When asked, Chairman Hardwick stated the Mandatory Distribution would stay at 3.5% regardless.

The next item on the agenda was New Business. The first item under New Business was a report from FLM Engineering by John Frasier concerning the preliminary site plan for the new property. Chairman Hardwick explained that Mr. Frasier created a preliminary site plan to show what options are available to help the ABC Board decide on how they may want to move forward.

Mr. Frasier handed out maps to the ABC Board. He explained his understanding was the ABC Board is purchasing the parcel that surrounds the current ABC Store, which will continue in operation while the new site is constructed. Based on this concept, they placed a 4,200 square foot building on the property, in such a way as to minimize the foot print. Mr. Frasier noted there was a stream, along with storm drainage, on this site. He stated that it does not look to be considered wetlands, but more research was needed for verification. Mr. Frasier noted there was plenty of room on the property to develop a store and that more parking can be added. He explained the driveways would be aligned with the existing driveways of 5-Points Shopping Plaza and Speedway, per NC DOT requirements. Driveways would stay in those locations regardless of where the building and parking was located.

Mr. Frasier stated the property was zoned residential and would need to go through the re-zoning process. He noted that a 16' buffer would also be required between commercial and residential. Mr. Frasier reiterated this was just a working sketch, which includes a retention pond on the lower side of the property. When asked for clarification, Chairman Hardwick explained this was preliminary work so that once the ABC Board has purchased the property, they will be able to move forward with knowledge of what can be accomplished on the site. Member Norman inquired about the square footage at the current ABC Store and Chairman Hardwick estimated it to be approximately 2,400 square feet. Pritchett asked where the loading dock would be located, and Mr. Frasier noted the map was just to show options of where the building could be located and was not yet that detailed. Member Houser noted this was a due diligence phase to make sure that a building could be put on the lot, but it was not necessarily what the final building will look like. Chairman Hardwick noted that lining the entrances up with other driveways was very important, as it has been a problem for years and will continue to be a problem as traffic increases. When asked, Mr. Frasier stated the land could accommodate a larger building, even a plaza where the ABC Store could be one tenant. Member Norman expressed concerns that NC DOT will take some of the corner by the intersection and Mr. Frasier noted everything would be further away from the corner. Chairman Hardwick stated eliminating the current driveways would be critical. Mr. Frasier stated he can update the sketch when the ABC Board is ready, he just wanted to give everyone enough time to look things over. Once the sketch is where the ABC Board wants, he stated the property would need to be rezoned then site plans could be presented to the zoning department for permits. Chairman Hardwick noted there were a lot of options that we can do with the property and the ABC Board needs to figure out what is best for the future. Mr. Frasier noted that multiple buildings could also fit on this lot.

Member Houser asked Mr. Frasier to walk the ABC Board through the next steps of the process. Mr. Frasier explained the need for a topography survey. The rezoning should take a couple of months, as it would go before both the Planning Board and the Town

Board. Then they will create detailed site plans, along with building plans by an architect. The architect's plans would only go to the Town of Youngsville, while the site plans would go to the Town of Youngsville and the State for review, which may take a couple more months. The hope would be to have permits in hand within approximately six months. Patterson asked when the plans would need to be taken to the ABC Commission and Member Houser stated the plans did not need to go to them. Chairman Hardwick thanked Mr. Frasier for all his work and the information presented.

The second item under New Business was a report from the Town Administrator. Cordeiro noted he met with Chairman Hardwick earlier in the week. Based on that meeting, it was noted the ABC Board's intention was to continue the relationship with the Town as it has in the past, noting the profits will be smaller due to the new capital projects. Cordeiro stated he wanted to confirm this intention with the entire ABC Board. If it is the wish of the ABC Board, then he would draft a contract to provide services from the Town. Cordeiro stated the ABC Store's full-time employees are currently on the Town's health plan. He explained any medical issues of those employees may affect the Town's rates. Cordeiro noted that if the ABC Board wanted to separate from the Town, they would have to consider insuring their employees separately. However, if the relationship continued as is, then the Town would keep the ABC Store employees. Cordeiro noted the ABC Board could still consider insuring the ABC Store employees if they wished, but it would increase the costs. Chairman Hardwick noted the main concept of having a new store was to increase revenues, which means more money back to the Town. He stated the short term would decrease the amount given to the Town until the loan was paid off, but it would be more beneficial in the long run. Cordeiro asked for feedback from the ABC Board concerning which direction they wished to take, as it was his understanding that the ABC Board did not wish to separate from the Town. He stated he would create a detailed contract so that everyone is clear and understands where both the ABC Board and the Town stand. This contract could be revisited every year around budget time. Chairman Hardwick stated it was not their intention to separate as they wish to help the Town and we are all in this together. He noted the ABC Board would do what they can to make sure the minimum is guaranteed.

Member Houser felt that it would be a good idea to investigate insuring the ABC Store employees separately. Pritchett asked for clarification on overtime if the ABC Store separated from the Town and Cordeiro explained federal labor laws do not require organizations to pay overtime, but they do require reimbursement by compensatory time if overtime is not paid. He stated this would be an organizational decision. Chairman Hardwick stated they would follow Commission recommendations.

Chairman Hardwick stated he felt they should move forward with putting a contract before the ABC Board to look at. Cordeiro stated once everything was on paper it would make more sense and facilitate further discussions about what the relationship will look like.

Member Norman felt insuring the ABC Store employees separately would cost more money and the ABC Board needs all their money to go towards the new building. She felt it would take too much time to investigate the costs when they would only show that

insuring separately would still increase the insurance premiums. Chairman Hardwick agreed with Member Houser that getting a quote couldn't hurt. Cordeiro stated he discussed this with the Town's current healthcare provider, Hodges Insurance, and the insurance costs would increase by 42% should the ABC Store chose to insure their employees separately; approximately \$5,000 to \$10,000 more a year for just health insurance. He stated we could get more detailed information should the ABC Board desire.

Cordeiro wanted to commend the ABC Board for their efforts in communicating and revitalizing the ABC Store. As some of the correspondence has been done by email, he noted it would benefit the ABC Board to have emails separate from their personal emails in case of any public record requests. Chairman Hardwick noted he had already spoken with Cordeiro concerning this matter and had created a yahoo account specifically for the ABC Board. It is important to keep full records that can be incorporated into the minutes as there will be a lot of communication over the next few months. Chairman Hardwick urged the ABC Board to set up a separate email for ABC Board purposes as this will help with communication and record keeping.

The third item under New Business was the public comments received by Member Houser regarding the purchase of the adjoining property.

- A. Burke Earley - 919-306-6928. Mr. Early says he has been a 20-year resident of Youngsville, and he simply wanted to call and say he supported the ABC Board in purchasing the property
- B. Mr. James T Moss, Jr. this morning concerning the proposed site for the new Youngsville ABC Store. Mr. Moss is the adjoining property owner, and he stated the purpose of the meeting was to understand the plans for the new ABC Store. I asked Mr. Moss if he objected to the ABC Board purchasing the land for the new store, and he said no, not at all. He owns several large tracts of land surrounding the proposed site, and his ultimate goal is to develop the land for a shopping center or offices. His interest in meeting was entirely related to working together. In other words, he wanted to see how our plans might compliment his vision for his property and whether we would support his efforts to re-zone his property in the future.

Chairman Hardwick stated both comments seemed positive. Member Houser stated these comments have been communicated to the ABC Commission for the Hearing next week.

The fourth item under New Business was to review proposals received for the loan. As previously stated, Member Houser had a conflict and left the room for this discussion. Chairman Hardwick noted these proposals were straightforward. Patterson stated most banks wanted five loans, with a ten-year amortization, meaning they will hold the interest rate for five years then refinance to an updated interest rate. She referred to the handout from the Agenda Packet that had a list of proposals that included the bank, notes concerning the loans, terms, interest rate, and fees. Patterson pointed out that Union Bank did not require their first payment until after the first year. The first year with Wake Forest Federal would be interest only payments, then it will change over to

principal and interest payments. Chairman Hardwick asked Cordeiro, based on his financial background, for his input and Cordeiro stated he thought they were competitive rates. As the terms are not like what he has seen in the past with public sector loans, he would like to discuss them further with Patterson. Cordeiro stated the amortization over ten years may just be the industry moving forward and changing its standards. He noted that none of the proposals stood out as crazy. Cordeiro stated he would rather have an origination fee with a low interest rate than a higher interest rate with no origination fee. Chairman Hardwick then asked Patterson for her opinion. Patterson stated she agreed with Cordeiro and noted she has worked with Union Bank before and they operate well together. However, that did not mean the ABC Board could not go with a different bank if they wanted. Member Norman asked if the origination fees were an upfront cost and Patterson stated yes. Patterson noted the interest will make a difference over the years and prefers a short-term loan. She stated that Union Bank stood out to her, especially for the length and interest rate. Cordeiro asked if there was a prepayment penalty and Patterson stated no. Member Norman asked for clarification on the “basis point” and Cordeiro explained how banks figured future interest rates using the treasury rate for borrowing. Chairman Hardwick stated he preferred the lower interest rate and shorter term as their goal is to pay the loan as quickly as possible. He stated all the banks that submitted proposals are good banks though he agreed with Patterson that Union Bank seemed the best option. Patterson noted Union Bank does not charge bank fees and Chairman Hardwick stated that was why both the Town and the ABC Store switched. Cordeiro cautioned the ABC Board that the current contract will expire before the next meeting and they should act on the financing now, unless the seller was willing to extend the contract.

Member Houser returned to the meeting. Chairman Hardwick stated the ABC Board had discussed each loan and needed to decide on which bank they wished to use since there was only fifteen days left on the contract.

MOTION: TO ACCEPT THE PROPOSAL BY UNION BANK AND TRUST

The motion was made by Member Norman and was seconded by Chairman Hardwick. The motion passed with two ayes. Member Houser recused himself from voting.

Cordeiro recommended the ABC Board direct the Finance Officer to proceed with the execution of the loan agreement.

MOTION: TO DIRECT THE FINANCE OFFICER JACLYN PATTERSON TO PROCEED WITH THE EXECUTION OF THE LOAN AGREEMENT

Patterson asked for clarification on who should sign the paperwork for the loan. After a brief discussion, the motion was amended.

AMENDED MOTION: TO DIRECT THE FINANCE OFFICER JACLYN PATTERSON TO PROCEED WITH THE EXECUTION OF THE LOAN AGREEMENT, WITH JACLYN PATTERSON AND ABC

STORE MANAGER LAURIE PRITCHETT AS SIGNATORS FOR THE LOAN, WITH CHAIRMAN SAMUEL HARDWICK AS A BACK UP SIGNATOR

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

The fifth item under New Business was to discuss the property appraisals. Chairman Hardwick noted the bank will do an appraisal after we get the loan paperwork started.

The sixth item under New Business was to review and approve all actions taken at the Special Meetings on February 22, 2019 and March 5, 2019. Chairman Hardwick explained the ABC Board needed to vote this information into the record.

- A. The contract executed on March 1, 2019 by Mark McArn, Brassfield Realty, and on March 2, 2019 by the sellers, Alan J. McDaniels and Michael R Miller, on behalf of the ABC Board to purchase the land behind the ABC Store for \$180,000.

MOTION: TO RATIFY THE CONTRACT EXECUTED ON MARCH 1, 2019 BY MARK MCARN, BRASSFIELD REALTY, AND ON MARCH 2, 2019 BY THE SELLERS, ALAN J. MCDANIELS AND MICHAEL R MILLER, ON BEHALF OF THE ABC BOARD TO PURCHASE THE LAND BEHIND THE ABC STORE FOR \$180,000

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

- B. Electronic correspondence between February 22, 2019 and March 5, 2019. Chairman Hardwick stated it contained emails concerning the process they have already submitted.

MOTION: TO RATIFY ELECTRONIC CORRESPONDENCE BETWEEN FEBRUARY 22, 2019 AND MARCH 5, 2019

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

The seventh item under New Business was to adopt a regular meeting schedule. Chairman Hardwick noted this has been discussed previously and the ABC Board decided on the first Friday of each month at 9am.

MOTION: TO APPROVE A MONTHLY MEETING SCHEDULE FOR THE FIRST FRIDAY OF EACH MONTH, 9AM AT THE YOUNGSVILLE TOWN HALL CONFERENCE ROOM

The motion was made by Member Norman and was seconded by Member Houser. It was noted a later item in the agenda will designate a meeting place. The motion passed unanimously.

The eighth item under New Business was to designate a Clerk and discuss compensation. Chairman Hardwick noted Hurd was present and he was recommending her for the position. He noted Hurd was helpful, trustworthy, and would be a wise addition. Chairman Hardwick stated he spoke with Cordeiro about compensating the Town for Hurd's time for meetings, minutes, postings, etc. He stated he was recommending Hurd for the position of Clerk with a recommended compensation of \$3,000 a year to the Town, which Chairman Hardwick stated was a fair rate for the time that she would spend working on ABC Board items.

MOTION: TO APPOINT TOWN CLERK EMILY HURD AS CLERK TO THE YOUNGSVILLE ABC BOARD

The motion was made by Member Houser and was seconded by Member Norman. Member Houser wanted to verify Hurd was an employee of the Town and she stated that she was the Town Clerk. The motion passed unanimously.

The ninth item under New Business was to designate a regular meeting place and bulletin board. Member Houser noted postings have been done at the ABC Store based on the suggestion of Laurie Lee of the ABC Commission. Cordeiro noted it would be fine to continue using the Conference Room and Hardwick requested it be added to the shared calendar. Member Norman wanted to clarify that this would fulfill their legal obligations and Chairman Hardwick stated yes.

MOTION: TO DESIGNATE THE TOWN HALL CONFERENCE ROOM FOR ABC BOARD MEETINGS AND THE ABC STORE FOR ALL REQUIRED POSTINGS

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

The tenth item under New Business was to discuss the appointment of the Finance Officer and their contract. Chairman Hardwick stated he appreciates all that Patterson has done for them. Patterson stated she was willing to continue but agreed that contract should be separate from the Town. She noted she has not yet completed the contract and will put one together should the Board decide they wish to keep her as Finance Officer. Patterson wanted to clarify her expected duties, noting she pays all bills and invoices, does payroll, paperwork, loans, comes to all the meetings, and some management type decisions. Member Houser asked if Patterson had a copy of the AB Commission operations manual and if it included a job description and Patterson stated there was, but some items were now being done by the Finance Officer instead of the Store Manager, for example, the budget. Pritchett noted other municipalities do things the same way. Member Houser asked if Patterson would bring a proposal for next month and Chairman Hardwick suggested the ABC Board vote to appoint Patterson but provide a job

description and contract next month. This will give the ABC Board an opportunity to think of the duties they wish to assign. Member Houser stated he wanted to look at a copy of the manual, specifically the job description. Patterson stated she would get him the requested information.

MOTION: TO REACH AN AGREEMENT WITH JACLYN PATTERSON TO BE THE FINANCE OFFICER FOR THE YOUNGSVILLE ABC BOARD AND PRESENT A PROPOSED CONTRACT, INCLUDING DUTIES, AT THE MAY ABC BOARD MEETING

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

The eleventh item under New Business was to discuss Board Member compensation. Chairman Hardwick noted the ABC Board met for years without compensation. Patterson noted it was recently brought to her attention that the Board of Commissioners set the compensation amount for the ABC Board. Member Houser stated the maximum amount was \$150 per meeting. Patterson stated she did not know this originally when setting up the compensation for the ABC Board. She also wanted to bring the increased costs to the ABC Board's attention, especially if the ABC Board was increased to five members and monthly meetings. Another concern was the possibility of receiving 1099s. Patterson stated she wanted input from the ABC Board on how they wanted to proceed so that she can make a suggestion to the Board of Commissioners. Chairman Hardwick suggested that compensation be made quarterly. He noted people were giving up time and participating a lot more, but they have been willing to do this without compensation in the past. Chairman Hardwick felt compensation would make it easier to find people willing to serve on the ABC Board as it grows. He suggested \$100 per quarter. Member Houser wanted to clarify that the Board of Commissioners did not approve the current compensation and Patterson stated they did not because she was unaware at the time that they needed to. There was a brief discussion on the actions allowed by the Board of Commissioners. Patterson noted this lack of information was the reason Laurie Lee was at the March 5th meeting, so the ABC Board and Staff would now have full knowledge and understanding of the rules and regulations. Member Norman suggested a yearly compensation of \$500. Cordeiro stated he appreciates all the time everyone has put into the process and noted he felt compensation was acknowledging the time people have spent. He recommended setting a rate per meeting, with the understanding the meetings lasted approximately an hour with an additional hour of work in between meetings, for a possible rate of \$50 a month. Chairman Hardwick wanted to clarify this would be set by the Board of Commissioners and Cordeiro stated it was. He noted he would be happy to share the feedback with the Board of Commissioners when they consider this item. Chairman Hardwick stated he didn't want this to be something we had to do every month, so maybe it could be paid quarterly. He noted he was not in this for the money. Chairman Hardwick also noted that he did not wish to be paid enough to receive a 1099. Patterson agreed and noted the other option was to go on payroll, but that included taking out payroll taxes. Cordeiro stated twelve meetings a year at \$50 a meeting was \$600, allowing there was no compensation for special meetings. Patterson noted the \$600 mark triggered the 1099. After a brief discussion, it was suggested \$599 a year. Chairman

Hardwick reiterated the ABC Board would not get paid for special meetings, at it is part of what they do. Patterson clarified the ABC Board members would get paid a monthly rate that would total a yearly salary of \$599 maximum. Since the Board of Commissioners sets the compensation, there was no motion needed.

The twelfth item under New Business was to discuss audit proposals received by the Town for the ABC Board. Patterson noted they had put out the RFP for the Town audit and noted the ABC Board audit becomes a part of the Town's financial statements. She explained the Town was in the process of changing auditors and wanted the ABC Board to be aware as the new auditors may want to talk with the ABC Board members. Patterson wanted to verify the ABC Board needed to go with the same auditors as the Town and Member Houser stated yes. Cordeiro noted the ABC Board would still have to award the contract but it did need to be the same company as the Town. Chairman Hardwick agreed and noted the audits have worked well in the past. He stated he trusted Patterson's judgement. Patterson stated the Audit contract would be on the May Agenda to be adopted.

Chairman Hardwick opened the floor for any other discussion. Pritchett asked when the Board would discuss employee compensation and Patterson stated the Pay and Classification Study that was done by the Town would be included in the budget. Chairman Hardwick stated they will continue to look out for Staff.

Patterson wanted to clarify the contract with the Town would include the maintenance staff continuing to maintain the landscaping at the ABC Store. Cordeiro agreed it would be done at no charge if the relationship continues as is. Pritchett wanted to clarify the work covered by the contract and Cordeiro asked to meet with her to get a complete scope of work. Pritchett stated it would be great if the Town continued to cover the maintenance. She noted that she did have a couple of quotes from landscaping companies.

Member Houser asked if Pritchett had received information from a contractor and Pritchett stated she did hear back from him and one of his competitors. After a brief conversation, it was suggested to have this as an agenda item at the next ABC Board meeting. Pritchett expressed concerns that he would be unable to attend the meeting and suggested that she meet with him at his convenience and bring the information to the ABC Board. Pritchett wanted to clarify that the current building would be remodeled, and Chairman Hardwick stated they were moving in that direction. Member Norman asked about the proposed budget for that project and Chairman Hardwick stated they were gathering costs at this time. Chairman Hardwick stated once they had the figures, then the ABC Board could decide on which direction they want to head. Pritchett stated the Franklinton ABC Store looks great. There was a brief discussion of color schemes and shelving styles. Pritchett noted the new shelves, along with other items, would move into the new building when it was completed.

Hurd asked that agenda items be given to her on the Monday before ABC Board meetings, including attachments. She noted she would make some changes to the agenda, including a "Reports and Other Business" section at the end of the agenda.

Chairman Hardwick asked that presenters, or invited attendees, have their names under the agenda item.

MOTION: TO ADJOURN THE ABC BOARD MEETING

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

The meeting adjourned at 10:08am.