

Youngsville ABC Board
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MINUTES
DECEMBER 6, 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, Rick Houser, Danny Stutzman, and Todd Casado. Also, in attendance was Finance Officer Jaclyn Patterson, Town Administrator Phillip Cordeiro, ABC Store Manager Laurie Pritchett, 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 Stutzman and was seconded by Member Norman. 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.

The next item on the agenda was Citizens' Comments. Jim Moss, 217 N College Street, explained he owned property adjacent to the ABC Store to the north. He has been trying to determine the long-term plans for the property, noting that Youngsville was in the process of updating their Development Ordinance (YDO). Mr. Moss stated he would be open to developing the property so that it would be complimentary to what the ABC Board has in mind. He wanted to make the ABC Board aware of his openness and is willing to discuss the matter when appropriate.

The next item on the agenda was the Financial Report. Patterson noted she had sent out a lot of reports and Member Houser stated he found them very helpful. Patterson stated she will update the November Financials with the information she received today.

Lee Grissom, S Preston Douglas & Associates, LLP, presented the FYE 2019 Audit Report. Mr. Grissom stated there was a clean, unmodified audit opinion. There were no issues as far as management went. Mr. Grissom stated they had full access to the records and no disagreements. Management was very organized, and they found no illegal acts. There were no new accounting policies during the fiscal year. Mr. Grissom stated they did an inventory count that was spot on as compared to other ABC Stores. He reiterated there were no issues in the inventory count observation.

On page 4 of the Audit, Mr. Grissom noted operating revenues were up 12.42% as compared to last fiscal year. Income from operations were up 4%. Mr. Grissom noted the ABC Board distributed \$100,885 to the Town as compared to \$105,313 the fiscal year before. Nothing jumped out as unusual from the year before.

On page 5, Mr. Grissom stated the only big item purchase was the land, which created a new debt and a new asset.

On page 7, Mr. Grissom stated gross profit percentages were right on target two years in a row, with no significant changes. Youngsville was at 24% and was in the range of most ABC Stores.

Mr. Grissom stated the current assets were barely covering the liabilities. He recommended a higher ratio. Current assets were \$221,000 and current liabilities were \$181,000.

Mr. Grissom stated this was a good year that did not include any problems. Member Houser inquired about the average working capital level and Mr. Grissom stated that Youngsville was 1.2, which was on the low end. Mr. Grissom recommended at least 2 but was unsure of what the average amount for ABC Stores would be.

Member Houser wanted to clarify the only way to increase working capital as suggested was to retain more of the profits and Mr. Grissom agreed. Member Houser inquired if Mr. Grissom had several purchases that he would opt to capitalize as opposed to expense and Mr. Grissom clarified he meant what threshold. When asked, Patterson stated she uses approximately 1,500 which Mr. Grissom thought was low. He stated he was thinking around 5,000 and recommended raising it.

Member Houser noted the new cash registers were showing as an expense for the current year and Patterson stated it will be changed into an asset. Patterson explained the requirements of the ABC Commission. She showed the depreciation in the budget, but Laurie Lee with the ABC Commission has told her to take it out. Patterson noted she wants the financial statements to be as close as possible but did not want to raise any red flags with the ABC Commission. Mr. Grissom stated that he felt depreciation should not be there as well, especially from a budgeting standpoint. Mr. Grissom offered options for how to show it on the reports.

Member Houser asked if they ever met with an ABC Board independent of management in preparation for an audit and Mr. Grissom stated they can do that. Mr. Grissom also

noted that any ABC Board Member can contact them directly with questions. Member Houser stated he was accustomed to that from other corporations and Mr. Grissom stated it was up to the ABC Board how they wanted to handle things.

Chairman Hardwick was excited to hear things were going in the right direction and appreciated what they have done for us. Member Houser congratulated everyone on a job well done and the other Members agreed.

The next item on the agenda was the approval of the Consent Agenda. The Consent Agenda included Minutes from the ABC Board Meeting on November 1, 2019.

MOTION: TO APPROVE THE CONSENT AGENDA AS SUBMITTED

The motion was made by Member Houser and was seconded by Member Casado. 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. Chairman Hardwick stated he spoke with Member Houser who would investigate developers that would be interested in working with the ABC Board. He noted that Member Houser had received interest from several people and requested the ABC Board let Member Houser take the lead along with another ABC Board Member. Chairman Hardwick asked that Cordeiro be kept informed. He stated there were a lot of options available, but they need to get more information before proceeding. Once all the information has been presented, then the ABC Board can decide how they want to proceed.

Member Houser noted he has financed ABC Store renovations and built one from scratch during his tenure with a previous ABC Board. He suggested Member Casado join him in a committee, that would also include Cordeiro.

Chairman Hardwick stated they need to find out who legitimately wants to do something and see what their ideas are. They may also help to find new ideas and opportunities. He suggested that all ideas be brought back next month. Member Stutzman stated they needed to include the timeline in the conversations as the ABC Store cannot continue like this, especially with the traffic and the need for more space and Chairman Hardwick agreed.

Pritchett suggested a small shopping center that contained a convenience store along with the ABC Store in an old country style. Chairman Hardwick stated he wanted to look at all the options, including a small shopping center.

Pritchett noted the delivery truck almost got stuck and requested that more gravel or something similar in order to shore up the delivery area. Chairman Hardwick noted this has been an ongoing problem and Pritchett stated it only needed a little bit of gravel. Cordeiro stated the Town's Maintenance Department is familiar with the issue and he will have Smith get in touch with Pritchett regarding repairs. Member Houser inquired if there was a charge for the gravel and Cordeiro stated the Town would charge for

materials only. Member Houser requested Pritchett get a quote. Cordeiro explained if there was money budgeted for maintenance, then there was no need for action by the ABC Board. Chairman Hardwick inquired if the work was over the budgeted amount, could they go ahead and get the work done. Cordeiro explained the ABC Board could approve a motion to authorize a Budget Amendment for the amount that is necessary to make the repairs. Patterson stated there was \$5,000 budgeted for repairs and maintenance. Only \$700 has been spent so far this year.

MOTION: TO AUTHORIZE THE WORK ON THE DELIVERY AREA WITHIN THE BUDGETED AMOUNT, IF COSTS ARE OVER THE BUDGETED AMOUNT, APPROVAL WILL NEED TO BE MADE BY THE ABC BOARD

The motion was made by Member Houser and was seconded by Member Norman. Member Houser noted that people are parking across the street and walking to the ABC Store. If they can get the gravel in, hopefully it will help, especially here at the busy holidays. The motion passed unanimously.

The second item under Old Business was to adopt the Resolution to enter into agreement with the North Carolina Local Government Employees' Retirement System to provide death benefits. Hurd stated that she still did not have the information and requested the Resolution be tabled for another month.

MOTION: TABLE THE RESOLUTION TO ENTER INTO AGREEMENT WITH THE NORTH CAROLINA LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM TO PROVIDE DEATH BENEFITS AND DIRECT STAFF TO GATHER INFORMATION ON THE COSTS

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

The third item under Old Business was to discuss the Logo / Branding. Cordeiro presented the proposed logos to the ABC Board. Members preferred option 4, which Chairman Hardwick stated looked progressive and established them as separate. Cordeiro stated he would help with the branding.

MOTION: TO APPROVE OPTION FOUR AS THE NEW ABC BOARD LOGO

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

The next item on the agenda was New Business. The first item under New Business was a discussion on the hours of operation. Member Casado stated that extended hours were an opportunity to maximize their profits and wanted to discuss this with the full ABC Board. He felt it would help to be open an extra hour or two. Pritchett explained they used to stay open until 9pm, then changed to 8:30pm but there were not enough sales

after 8pm. She noted that Franklinton changed their hours for the same reason. Pritchett stated they have found that closing at 8pm but opening an hour earlier gets more customers. When asked, Pritchett stated they closed at 8pm on the weekends and 7pm on weekdays. Member Casado stated he felt the opportunity to stay open later was there. Pritchett recommended waiting until spring when daytimes were longer. This would give her time to work on changing the store hours and employee shifts. Pritchett stated they were not allowed to stay open later than 9pm by law. She explained that customers come in at the last minute and try to stay later than 9pm, which can cause issues with the ABC Commission. Another problem included repeat customers, that return when they had already been drinking. Pritchett stated this was why they had originally cut the hours back to 8:30pm but they did not do a lot of business after 8:15pm so it wasn't worth staying open that late.

Cordeiro inquired if the new cash register system could print a sales report by hour and Patterson stated that it should, however, the reports with this system were not great. Cordeiro recommended Staff research that possibility, including the sales reports. Another option was to open a half-hour later at a time on a trial basis. If the sales weren't worth the later hours, then revert to the current hours. Member Norman expressed concerns that would confuse the customers. Pritchett stated that she could not extend hours at this time and noted she would like to plan for it, including signage to alert customers to the new hours. Chairman Hardwick noted the volume of traffic coming through Youngsville at night. Pritchett noted a lot of the local ABC Stores would be closing early on Christmas Eve, but they will stay open until 5:30pm. She stated they would open at 9am, which was the earliest they could open by law.

As for weekday hours, Chairman Hardwick suggested increasing store hours by half an hour to see if it made a difference. It would also give Staff time to see if the reports would give the proper information. Pritchett stated that she could talk to staff about the half hour during the week but felt she could get it taken care of in January or February. Chairman Hardwick agreed that changes would need to be made after the holiday season. Pritchett stated that January was slow. Chairman Hardwick stated he would like to see the hourly sales report, if available, anyway and Member Stutzman agreed. Cordeiro stated that if the cash register system did not print the needed information, then they can do a spreadsheet and Pritchett stated the employees could keep the receipts as well. Chairman Hardwick stated he didn't want the employees to have to do a whole lot of extra work to get the information.

Member Norman stated they needed to set new operating hours, but she expressed concerns about confusing customers if they kept changing hours. Pritchett agreed that if the hours were changed, they should not go back. Member Houser stated that Wake Forest was open 10am-9pm on Friday and Saturdays while Youngsville was 10am-8pm. This would only add one hour to the ABC Store. He stated that Wake Forest was open on weekdays 11am – 9pm and Youngsville was open from 10am-7pm. He noted how successful Wake Forest was and felt that Youngsville should match up with their hours. Member Casado agreed, noting that the people still coming into Youngsville that late at night are going somewhere else because they are closed. He felt the ABC Store could maximize their hours while the payroll costs will be minimal since it will only be adding

an hour or two. Member Casado felt that we would see more benefits from maximizing the hours. Member Stutzman felt the ABC Store was losing business and agreed they would benefit from maximizing the hours, especially with the traffic coming through Youngsville during those hours. He stated if there was a problem with scheduling, then another part-time employee could be hired for evenings only.

MOTION: TO EXTEND EVENING OPERATING HOURS BY 1 HOUR STARTING JANUARY 1, 2020

The motion was made by Member Norman and was seconded by Member Stutzman. Member Houser wanted to clarify what the new hours of operation would be, 10am – 9pm on Friday and Saturday and 10am – 8pm on Monday through Thursday. Pritchett stated that she did not want to stay open until 9pm for the reason previously discussed. One of the problems is the type of customers that come in. Another problem was that employees won't be able to leave until approximately 10pm due to the closing process and deposits. Then, some of the employees will have to be back at work the next morning. Member Stutzman asked if the employees that open are the same that close at night and Pritchett stated yes. She explained that would put some Staff at twelve-hour days. Patterson noted that only certain employees were allowed to open and close. Pritchett explained it was a big deal to open and close due to the training and trust that is needed. She again expressed concerns about not having enough time by January 1st to have another person trained to open and close. Patterson stated the ABC Store does not pay a lot and finding someone they trust is part of the problem. She also expressed concerns about the female employees closing that late at night. Patterson stated they may need law enforcement to start coming by at closing. Chairman Hardwick stated they have discussed this before. He noted that officers did that in the past. Hurd noted the Town has grown since then and an officer can follow them to the bank but would be unable to sit at the ABC for an extended period of time. Pritchett stated that if officers could be on site around 8:15pm, they could follow the employees to the bank. Cordeiro assured everyone the Chief of Police will help to develop a plan to ensure the safety of those closing the ABC Store.

Chairman Hardwick wanted to clarify that Pritchett preferred 8:30pm as compared to 9pm. Pritchett stated she would not be able to do it by January 1st. When asked, Pritchett felt that she could get it taken care of by February 1st. She explained she would have a better handle on staffing and who will need additional training. As some of the part-time employees work other jobs, they may not be able to work the later hours. Pritchett wasn't sure if they would quit if they had to work later hours. She explained that she needed the extra time to work out the logistics with the employees. Pritchett noted they may have to open an hour later as this also creates another problem of breaking down into shifts, with one person opening and a second person closing. Pritchett explained she liked having the same person open and close as they can catch repeat buyers that may be drunk when they come back into the ABC Store. She noted that some of the local drinkers may be drunk but will not show it well to someone that is not familiar with them. Patterson inquired if they do a lot of sales in the morning hours and Pritchett stated yes because other ABC Stores are not yet open. Cordeiro asked if there were other ways to let different Staff know about repeat customers, a list of known customers or possibly photos, and Pritchett

stated they could try but there are always new customers coming in. Cordeiro felt they should not let individual customers drive their business decisions. He stated they can develop a policy to deal with the repeat / drunk customers.

Pritchett expressed another concern about selling after 9pm. She stated it was hard to get customers who come in right at closing out by the cut-off time. Member Norman asked if that was a problem at 8pm and Pritchett stated that 9pm was the cut off time for selling liquor. Hurd explained the ABC Commission does not allow for sales after 9pm. Any customers that have not completed their transactions by 9pm has the potential to get the ABC Store in trouble with the ABC Commission. Member Norman stated that needed to be communicated to the customer and Pritchett stated that she hated to tell a customer they have to leave the store. Member Casado suggested communicating with the customer through signage like they do at Sheetz and Member Norman agreed, noting there were ways to manage it. He also recommended locking the entrance a little before 9pm and as you let customers in, let them know they have a limited time before closing. Member Casado felt that customers would appreciate the ABC Store being open later and Member Norman agreed. Pritchett felt that customers would complain if the door was locked earlier than the stated closing time but Member Casado stated the process could be communicated through signage. Member Casado stated they needed to make sure they appeased the ABC Commission and follow the 9pm cutoff time. Member Norman asked how long customers could be in the store after 8pm and Pritchett stated they did not rush them out. Pritchett stated the employees would try to nudge customers out about 8:10pm. Member Norman stated they could communicate with the customers as they come in the ABC Store and Pritchett stated they hated to kick customers out. Member Stutzman asked if they could set the hour at 9pm but lock the entrance at 8:45pm, with signage explaining that customers would have to make their purchases by 9pm. He stated if they hadn't made their purchases in that time, then they would just have to come back the next day. Member Norman felt that if the employees explained they couldn't legally sell after 9pm, the customers would understand. She didn't think this would be a large problem and Cordeiro stated the Police Department would support them. He explained that Pritchett could have the scheduling information for the Police Officers and their cell phone numbers. If there is an issue, the employees can contact the Police Officer on duty to help. Pritchett stated they would prefer to do that. Chairman Hardwick stated he would ask the Police Department to be visible once the change happens. If that visibility is there up front, then the customers can get accustomed to the officers. Pritchett stated that she had a meeting scheduled with the Police Chief to discuss some of these items and she will mention this to him. Member Stutzman noted that having a Police Officer, especially in that first month, will help resolve some of the problems. He stated they were losing way too much money by not maximizing their hours. Member Stutzman stated the extra revenue was needed to help pay off the debt. He stated he didn't think they should delay the morning opening hours either. Chairman Hardwick noted the Police Officers used to follow the employees to SunTrust. When asked Pritchett stated the Police Officers do not follow them to Union Bank, nor are they waiting at the bank. Chairman Hardwick stated he understood the fear of going out to Union Bank alone with the money. Pritchett reiterated that she has a meeting with the Chief of Police. She explained there were issues where they didn't want to call 911 but would rather call the

local officers. Pritchett noted the previous Chief of Police did not allow that. Cordeiro stated that he would get contact information for the officers as safety was paramount.

Member Casado suggested setting the register to stop ringing up customers at closing time, especially at 9am. Chairman Hardwick stated that would make things a lot easier. Pritchett stated she would prefer to 8pm at February 1st then shift to 9pm in the spring. The hours would then stay at 9pm after that. Chairman Hardwick stated they needed to consider which hours are preferable. Pritchett reiterated that she could not do the new hours by January 1st. Chairman Hardwick inquired if they should give Pritchett more time to get staffing for the extra hours. Would it be more cost effective to do it in January or wait until February when you take into consideration the possibility of losing employees. Cordeiro stated it was possible to amend the motion to state “no later than” a certain date. He reminded Pritchett that he was there to support her and noted he could help recruit to get qualified candidates.

AMENDED MOTION: TO EXTEND EVENING OPERATING HOURS BY 1 HOUR NO LATER THAN FEBRUARY 1, 2020

Member Norman amended her previous motion, but it died for lack of a second. The original motion for January 1st was still on the table. Chairman Hardwick called for a vote on the original motion and the motion passed unanimously. ABC Store hours will be extended starting January 1, 2020. Pritchett briefly left the meeting. Member Stutzman noted the ABC Store would be closed on January 1st as it was a holiday, but the new hours would take effect on January 2nd.

The next item on the agenda was Reports and Other Business. Member Houser stated he appreciates the monthly financials but noted the ABC Board meetings are early in the month, sometimes creating incomplete financial reports. He inquired if the Financial Reports should stop at the prior month. Member Houser stated he found the monthly comparisons helpful, especially for sales. When asked, Patterson stated the software did not allow for additional columns. Member Houser stated he was interested in seeing the annual budget included in the report. Patterson stated there were two different Budget versus Actual Reports. The report for the total fiscal year shows the budget for the whole year but also gives real time numbers. Patterson gives the ABC Board that report so they can see the whole year, then she also gives a report that cuts off at the end of the previous month. The second report shows the percentages. Member Houser noted they can work with it and fine tune as the move forward, but he wanted to state he liked the information that he received with the monthly comparisons.

Pritchett again expressed her concerns about not being able to get Staff trained in time for extended hours on January 1st, noting that she was very busy with the new system. She didn't think she would be able to train new employees by January 1st, especially with the upcoming holiday. She requested one more month and noted that if they could get it done sooner, they would. Member Norman asked why the employees would not be accepting of extra hours, especially to earn some extra money. She stated most employees are happy to get extra money on their checks. Pritchett requested clarification on the hours, and it was explained that closing time would be extended by one hour; 8pm

on Monday through Thursday and 9pm on Friday and Saturday. Pritchett stated that she understood, however she explained that a lot of her employees worked two jobs and she was concerned that she would not have someone to close the store if they must work later. Patterson summarized the concern was that employees would not want to keep this job if it interfered with their primary / other job. She stated they were worried about people quitting and they will struggle to find new people they can trust. Member Norman felt that one extra hour will not make that much of a difference. Pritchett explained that just because the store closed at 8pm, the employees still did not leave until later because of the reports, deposit and dropping the deposit off. Member Norman inquired how long that should take and Pritchett stated on average about twenty-five minutes.

Member Stutzman noted that he did not mind becoming an employee for evening hours to help close. Member Houser expressed concerns that may cause problems. Chairman Hardwick felt they should give the employees the opportunity to make that decision. He hoped the employees would understand the ABC Board was trying to make things better. Chairman Hardwick stated they will work through this to make sure we get what is needed to do this job properly to make the ABC Store even more successful and easier. He understood the extra hour appears difficult, but the ABC Board was there to help. Member Norman stated that it may not be as difficult as Pritchett worried it might be. Pritchett explained that was why she was asking for the extra time, so that she can talk to the employees. Member Norman stated that she was looking at the upcoming holidays and that was why she chose January 1st. Chairman Hardwick stated he felt they can improve their sales with the extra hour. He stated that once they look at the reports it may not be, and they can decide then if they want to make any other changes. Chairman Hardwick stated the ABC Board was trying to make things better for everyone and noted this will help in getting a new store. Patterson expressed concerns about replacing employees in a timely manner and Member Norman suggested a Special Called Meeting if needed. Cordeiro stated he could work with the staffing issues, even through a temp agency if they needed someone to get through. He wanted to make Staff and the ABC Board aware there were resources out there that can help. Chairman Hardwick expressed to Pritchett that her concerns have been heard and the ABC Board was listening, but they needed to see what they can do to make this happen.

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

The motion was made by Member Houser and was seconded by Member Casado. The ABC Board decided it would be the members of the ABC Board and Hurd in the Closed Session. The motion passed unanimously. The ABC Board entered Closed Session at 10:03am. The Board exited Closed Session at 10:45am. Action take was to approve the minutes of the Closed Session on November 1, 2019

After a brief discussion, it was decided to talk more about the FoodLion Plaza at next month's ABC Board meeting.

The meeting adjourned at 10:47am upon a motion made by Member Stutzman, seconded by Member Norman, and passed unanimously.