

Youngsville ABC Board
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MINUTES

JULY 12, 2019
(Rescheduled due to the 4th of July Holiday)
9:00 AM

REGULAR MEETING

YOUNGSVILLE TOWN HALL CONFERENCE ROOM
134 US 1A SOUTH

Member Rick Houser called the Board Meeting of the Town of Youngsville ABC Board to order at 8:59am. In attendance was Members Mary Margaret Norman, Rick Houser, Danny Stutzman, and Todd Casado. Chairman Samuel Hardwick was not in attendance. Also, in attendance was ABC Store Manager Laurie Pritchett, Town Administrator Phillip Cordeiro, and Town Clerk Emily Hurd.

The next 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 Houser. The motion passed unanimously.

Town Clerk Hurd swore in newly appointed Members Todd Casado and Danny Stutzman.

Member Houser 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. There were no comments.

As there were presenters for Old Business, Item A, the Board opted to have the presentation and discussion of the 401(k) / 457 Plans and LGERS implementation. Guests speakers included Douglas Mayer, NCGLERS, and Margaret Hendershot from Prudential Retirement. Mr. Mayer gave a brief overview of what LGERS does, how it operates, and their benefits. He stated he would not go into specific details.

Mr. Mayer stated the amount received at retirement was based on a defined formula of approximately 80% of the current income when a member retires. He noted unused sick leave could be applied towards creditable service years. Employees would need to be a member for a minimum of five years before becoming vested. Mr. Mayer gave a brief explanation of reduced and unreduced benefits along with the formula. He also explained the different options available.

Mr. Mayer noted employer contributions are 8.95% and employee contributions are 6%. These funds are then invested. Mr. Mayer explained LGERS gives monthly, lifetime benefits to all eligible retirees for the rest of their lives. He gave a summary of death benefits and survivors benefits. Mr. Mayer also touched on transfer benefits and supplemental benefits.

Mr. Mayer explained the rules of returning to work after retirement, including contractual, part-time, temporary, or return to full service.

Mr. Mayer explained the process for joining LGERS, including a resolution to enroll, application and certification. He noted this was based on a favorable majority vote of employees. The application process includes a financial review of the employer's operations and internal controls. There will also be a review by the Attorney General's Office. Mr. Mayer stated that once an employer becomes a member of LGERS it is permanent.

Ms. Hendershot gave an overview of the 401(k) and 457 Plans from Prudential. She noted they are a part of total retirement system. Ms. Hendershot stated that with just the pension, people are only about 50% likely to be ready for retirement. Adding a supplemental plan increases that to about 70% of retirees being more prepared. Ms. Hendershot gave a summary review of both plans, noting how similar they were to each other. She also summarized the required paperwork, Board approval, and record keeping.

Ms. Hendershot explained each district had a local Prudential Representative to give support and engage with members. She noted employers can contribute to both plans and explained some of the advantages. Ms. Hendershot noted the 401(k) is only offered for those participating in LGERS, while the 457 Plan can be utilized by those not participating in the LGERS. She stated even part-time employees can be included on the 457 Plan. Ms. Hendershot summarized the differences between the 401(k) and 457 Plans.

Mr. Mayer noted the resources available and asked if there were any questions. Cordeiro explained the current situation of two employees that have already worked over twenty years without any retirement benefits. He wanted to clarify that it would still take five years to be vested and Mr. Mayer stated that was correct. Mr. Mayer explained they did not have a provision for prior local services years, however, a member could purchase non-participating years after five years of member service. Cordeiro asked if a new member could use their current sick leave to purchase previous years and Mr. Mayer stated no, only sick leave earned after joining.

Member Norman wanted clarification about social security affecting retirement and Mr. Mayer explained LGERS stood alone and was not integrated with social security. There was only one benefit option that was tied in with social security.

Mr. Mayer noted there was a current House Bill being reviewed that may affect Option 4. It will only affect new hires moving forward. Member Stutzman gave more background information concerning the proposed Bill.

Member Houser suggested Members Stutzman and Norman, along with Pritchett, discuss all available options and present them at the next Youngsville ABC Board Meeting. Member Norman stated she would like to see them get into a retirement fund as she feels it will be worth it. When asked, it was clarified there was no current retirement plan for ABC Store employees. Pritchett noted the two full-time employees were unable to afford more money coming out of their paychecks at this time. Cordeiro noted the Youngsville ABC Board could increase salaries to cover the 6% employee match. Member Houser asked for the committee to bring back a proposal that is palatable for both employees. Member Stutzman stated he has an idea in mind. Member Norman agreed that we should not increase employee costs but noted she felt retirement was important.

MOTION: TO DIRECT MEMBERS STUTZMAN AND NORMAN TO WORK WITH PRITCHETT AND BRING A PROPOSAL BEFORE THE BOARD NEXT MONTH

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

The Board then went back to the Financial Report. Cordeiro stated there was nothing significant to report. Member Houser stated the obligations had been paid to the Town and they can now work on reducing accounts payable to get breathing room. He also expressed some concerns about the loan proceeds being posted as other income and the land purchase as other expenses. Cordeiro gave a brief explanation about government financing as related to income statements and why they were posted in that manner.

Cordeiro also noted there was a Budget Amendment on the Consent Agenda that reflects the increase in sales as required by the State. Also included is an adjustment for the costs of goods sold and profits.

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 – June 7, 2019
- ii. Minutes from the Joint Work Session – June 24, 2019
- iii. Budget Amendment – ABC BA 2019-4

MOTION: TO APPROVE THE CONSENT AGENDA AS SUBMITTED

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

The second item under Old Business was to continue the discussion on the proposed remodel of the ABC Store. Pritchett stated Rick Turner would present his proposal for the ABC Store remodel at the August Board Meeting. Mr. Turner had requested to delay his presentation until August because of absent Members and Staff. He stressed to Pritchett how important it was to have everyone in attendance.

MOTION: TABLE THE DISCUSSION ON THE PROPOSED REMODEL OF THE ABC STORE UNTIL THE AUGUST BOARD MEETING

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

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. Member Norman stated she had investigated insurance costs. Based on the information she received, staying with the Town insurance seemed to be the best option. Other options put too much of a burden on the employees.

Member Norman welcomed the new Members.

Cordeiro stated he would wait until the August ABC Board Meeting to discuss the invoice with Rick Turner, as he also wanted full attendance. It was decided that all discussion on a new building or remodel be held until the August ABC Board Meeting. Member Houser noted the contractor he reached out to regarding the parking lot could also be in attendance in August. Pritchett noted she has held extensive conversations with Mr. Turner.

Pritchett noted she was in the process of updating the signs in the ABC Store and will continue as new signs come in.

Member Stutzman inquired about painting the outside in the interim and Pritchett stated Mr. Turner recommended not putting any money into the old building at this time and concentrate on the new store. Member Houser recommended cleaning and adding new shelving that could be moved to the new building. Possibly installing a new exterior sign that can also be transferred. Pritchett stated the new shelving was not worth losing a week of sales, approximately \$33,000.

Member Norman asked if there was any interest from a developer and Member Houser stated he has spoken with a few. Pritchett expressed concerns about using a developer and Cordeiro stated he would clarify with Laurie Lee.

The ABC Board Members took a few minutes to introduce themselves. Member Houser reminded the new ABC Board Members they would have to take an ethics class.

The meeting adjourned at 10:24am.