

Youngsville ABC Board
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MINUTES

MAY 3, 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 9:01am. In attendance was Chairman Samuel Hardwick, Members Mary Margaret Norman and Rick Houser. Also, in attendance was Finance Officer Jaclyn Patterson, Town Administrator Phillip Cordeiro, and Town Clerk Emily Hurd.

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 was to approve the Agenda. Cordeiro noted that ABC Board Meetings were considered public meetings and therefore could be recorded by any person attending. He stated the Town was experimenting with recording all meetings and noted a disclaimer would be placed on future agendas.

MOTION: TO APPROVE THE AGENDA AS SUBMITTED

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

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 everything still looks good, including sales. The Budget Versus Actual Report includes one report that shows the entire year, from July to June, that includes anything that was entered in early May. The second report is from July through April. However, this report only shows ten months which throws off the percentages.

Patterson stated she had prepared a Budget Amendment to include the increase in sales and increases in other accounts such as taxes, costs of goods, supplies, and credit card fees. Chairman Hardwick asked if the rates on credit cards fees had increased and

Patterson explained they were higher due to the increased volume of sales. Patterson noted she had increased salaries and wages because more staff was needed during high volume times, such as weekends. She stated Dues and Subscriptions had increased because of the overlap with the old cash register company and the new one. The land purchase was also included. Patterson explained all these increases would not be shown on the reports until after the Budget Amendment has been approved and entered into the system.

Member Houser noted the balance sheet shows approximately \$32,000 due to the Town and wanted clarification on when this will be paid. Patterson explained the Town was paid monthly so as not to hit the cash account too hard. Member Houser noted a large check was paid to the Town and Patterson explained that was the amount due from the previous fiscal year based on the audit, along with the standard monthly payment. Patterson explained payments were generally \$4,500 a month, except for the lump sum payment required by the audit. Member Houser noted the ABC Store was running close on cash and Patterson stated this month was tight, though it did include payments for surveys and the cash register. Member Houser asked if we should draw on the loan for items related to the purchase of land and Patterson stated she had budgeted \$25,000 and preferred to use those funds before adding costs to the loan. Patterson noted we have only spent approximately \$9,350 of the budgeted \$25,000. Member Houser asked for clarification on profits paid to the Town, \$33,333.30, and Patterson explained that was the standard amount that is budgeted every year. Member Houser asked if this was the required 3.5% and Patterson stated yes.

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 April 5, 2019
- ii. Budget Amendment – ABC BA 2019-2

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 to continue the discussion on the job description and appointment of a Finance Officer. Chairman Hardwick noted everyone had a copy of the contract. Member Houser stated he did not get the attachments in the email concerning the duties of the Finance Officer. He wanted to make sure the duties match the scope of work listed with the North Carolina ABC Commission. Patterson stated her list of duties matched the scope of work listed but noted that Pritchett may handle some of the duties, as she may be handling some of Pritchett's duties. She noted Pritchett had been doing some of the work anyway.

MOTION: APPOINT JACLYN PATTERSON AS FINANCE OFFICER FOR THE YOUNGSVILLE ABC BOARD AND APPROVE CONTRACT FOR FINANCIAL SERVICES

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

The second item under Old Business was to direct the Finance Officer to negotiate and execute a contract between the Youngsville ABC Board and S Preston Douglas & Associates, LLP, for Audit Services. Chairman Hardwick noted the Youngsville ABC Board had a copy of the contract. Patterson stated this was a dual contract and the Board of Commissioners had already approved their portion of the contract. She explained it made the most sense to use the same company. Patterson noted the rate is lower than previous rates and it was a three-year agreement. She stated she had a conference call with the company and they work with other small communities. Patterson stated she can send the Youngsville ABC Board more information and noted the auditor stated he likes to keep things moving and finalized in a timely manner. Chairman Hardwick wanted to make sure they had municipal experience and Patterson stated yes. Chairman Hardwick asked if there were any municipalities close by and Patterson listed several, including municipalities, ABC Boards, and school systems. Chairman Hardwick stated he was concerned about experience and Patterson assured him that their people have a decent amount of experience.

Member Norman asked for clarification. Chairman Hardwick stated we currently use Winston, Williams, Creech, Evans and Company and Patterson noted that we have used that company for so long, that the Youngsville ABC Board had not had to go through this process in years.

MOTION: TO APPROVE THE CONTRACT WITH S PRESTON DOUGLAS & ASSOCIATES, LLP FOR AUDIT SERVICES AND DIRECTED FINANCE OFFICER, STORE MANAGER, AND CHAIRMAN AS SIGNATORS

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

The third item under Old Business was a contract between the Youngsville ABC Board and the Town of Youngsville for services. Chairman Hardwick noted this had been previously discussed and the Youngsville ABC Board had a copy of the contract. He stated this did not look different from what we are already doing. This contract gets everything out in the open on what has been understood for years. Chairman Hardwick stated the list of services would now be official and everyone can move forward. Patterson asked if this included blowing off the parking lot and Cordeiro stated it did. Chairman Hardwick stated it included services the Maintenance Department had been doing for years and includes Town Staff for meetings. He noted the compensation package included what was already in place with the addition of the Town Clerk.

Member Houser requested that Laurie Lee, ABC Commission, look over the contract before it was approved. When asked, Cordeiro stated the contract would go into effect on July 1st. He stated he would get Ms. Lee to look over the contract to make sure it followed ABC Commission requirements.

MOTION: TO TABLE THE DISCUSSION ON THE CONTRACT BETWEEN THE YOUNGSVILLE ABC BOARD AND THE TOWN OF YOUNGSVILLE UNTIL THE ABC COMMISSION HAS REVIEWED THE CONTRACT

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

The next item on the agenda was New Business. The first item under New Business was a discussion on the proposed remodel of the ABC Store. Chairman Hardwick noted Pritchett's preferred choice increased shelving. Patterson stated renovations would close the ABC Store for approximately two weeks. Chairman Hardwick expressed concerns about loss revenues, even though the ABC Store was doing very well this fiscal year. Member Houser stated he was more interested in increasing the shelving space for the ABC Store instead of a remodel. He noted the real need was a fifth shelf, which will increase shelving space by approximately 20%. Member Houser reminded the Youngsville ABC Board that Ms. Lee, ABC Commission, had recommended not spending money on the ABC Store, unless it can be moved into the new store. He stated he had hoped to have the contractor speak to the Youngsville ABC Board. Patterson stated she also wanted clarification on the estimated costs. Member Norman stated she like Option #2 but that included moving the office. Patterson stated Pritchett did not want to have an open office, especially without being able to secure files. Chairman Hardwick noted Option #2 required moving the wall and a more intense remodel will cost more. He agreed with Member Houser that if the Youngsville ABC Board wanted to move forward with building a new ABC Store, then they shouldn't spend too much on the current building. Chairman Hardwick stated any new shelving could be moved to the new ABC Store. He noted that some upgrades will show the community they are working on improving the situation. Member Houser agreed with Patterson there was no good breakdown on costs presented, which is why he would like to have the contractor present the project to the Youngsville ABC Board. Chairman Hardwick stated he would rather the Youngsville ABC Board move slowly instead of jumping into a rash decision. He stated he wanted more information before deciding. Cordeiro offered to help coordinate a teleconference with the contractor if he was unable to attend next month's meeting and Chairman Hardwick stated that would be perfect. Member Houser noted the average ABC Store had approximately 1,400 linear feet of shelves. He felt the ABC Store could do \$2,000,000 in sales with more product, especially with more variety. Chairman Hardwick stated he did not want to move forward on the remodel, as he sees another route down the road. He wanted to make sure that anything purchased can be used in the new store. Chairman Hardwick noted something needed to be set up with the contractor and Member Houser stated he would coordinate with Pritchett and the contractor.

MOTION: TO TABLE THE DISCUSSION OF THE PROPOSED REMODEL OF THE ABC STORE UNTIL NEXT MONTH

The motion was made by Member Houser and was seconded by Member Norman. The motion passed unanimously. Member Houser asked Patterson if she had enough time to work with the Budget on this and she replied that she included some numbers in the Budget to work with. Patterson stated the land cost \$180,000 and the loan was for \$250,000. She explained she added in loan proceeds for the overage, as well as upfit expenses. Patterson stated the monies were budgeted for next fiscal year, but she can do a Budget Amendment if anything was done before then.

The second item under New Business was the submission of the FYE 2020 Proposed Budget and Budget Message. Patterson went over the highlights with the Youngsville ABC Board. There was a 10% increase in liquor sales from the current fiscal year projections. She stated the Town had included the ABC Store Manager in their Pay and Classification Study. Patterson noted that she did not yet have a lot of detail, just the salary figures with no explanation. She implemented the suggested pay scale and included a 5% raise for the Assistant Store Manager. Patterson explained she did a 20% increase in part time wages, either to cover raises, extra hours or more staff. Youngsville ABC Board Member compensation increased to \$599 a year for five members. Patterson noted the Youngsville Board of Commissioners approved going to a five-member Youngsville ABC Board to help with the continued growth of the ABC Store. Purchase of a second cash register was also included in the Proposed Budget. She felt there will be a need for the second one and Chairman Hardwick agreed. Patterson stated she budgeted Capital Outlay of \$76,880 for store upgrades. Member Houser asked if they could use that money for planning the new store, possibly for the architect, if the Youngsville ABC Board decides against remodeling and Patterson stated yes. Patterson noted the loan payments were included in the Proposed Budget.

Patterson budgeted for increased costs of products and the taxes that come with increased sales. She noted the credit card fees were higher due to higher volumes of credit card sales. Patterson explained the health insurance rates had not come in from the agents, so she kept them the same as what she had budgeted last year. She explained rates were lower this year as they were based on pre-ACA plans. She noted those rates were set to expire at the end of 2018, but had been extended until the end of 2019, giving us excellent rates for the current fiscal year. Patterson stated that she did not see them extending these rates past the end of this year, meaning a new plan with higher rates. She stated she left the higher number on the Proposed Budget to counteract any increases. Patterson stated she left professional services higher to cover any added costs, such as attorney fees. She noted she likes to plan for the worst.

Patterson stated depreciation was included, however this was not really a government item and Chairman Hardwick agreed it was good to have as a safety. Patterson explained the dues and subscriptions included costs, such as cash register maintenance. She noted the general liability holds the same figure as last year. Small tools and equipment increased. Patterson noted Town Hall had moved to Spectrum and she may switch the ABC Store if it will lower costs. Utilities would stay about the same and Capital Outlay would increase due to the loan. Profits paid to the Town was still budgeted for the base \$40,000. Chairman Hardwick stated he hoped that it could be more. Member Houser

wanted to clarify that if the ABC Store did not spend the full amount budgeted on capital outlay, could that money then be used to pay down the loan and Patterson stated yes.

Cordeiro noted full time employees have never been granted retirement, either a 401(k) or local government retirement plan. He stated the expense would not be that much but would mean a great deal to the employees. Patterson stated that she has not yet done the projections on that. When comparing salaries with other ABC Boards in the past, Patterson explained their employees did have retirement. She explained the lack of retirement has been adjusting into Pritchett's salary, though the pay study did not take that into account. Patterson expressed concerns the local government retirement plan would require back payments. Cordeiro offered to research the situation so that we could add the employees in the future. Chairman Hardwick stated this has been going on for years and he wanted to find a way to reward the employees' loyalty. He stated that Pritchett was doing a great job and he wanted to make sure she stayed. Cordeiro stated the Youngsville ABC Board also had the option of contributing to a 401(k) plan, but he would investigate the options, so the Youngsville ABC Board could adopt a system for new employees. He stated he would present his findings next month.

Member Houser stated he and Member Norman had talked about personnel last week and Member Norman stated she would help Pritchett with any personnel needs, including investigating insurance rates. Member Norman stated she wanted to help ensure that everything ran smoothly. Chairman Hardwick agreed, and stated Pritchett will need more help as they increase employees.

Cordeiro noted the NC League of Municipalities (NCLM) has a large range of experts, including Human Resources, that have experience in a variety of areas. He stated the Youngsville ABC Board and Staff can use them for advice and/or programs. Patterson wanted to clarify the Youngsville ABC Board would be able to the NCLM if they were not a member and Cordeiro state he felt they were still open to helping local ABC Boards, especially for Human Resources. Chairman Hardwick noted they were preparing for the future, including making things easier for Pritchett.

When asked, Patterson clarified there would be a Public Hearing at the June Youngsville ABC Board Meeting before the proposed budget was adopted. Cordeiro stated the Public Hearing would be on the Proposed Budget as submitted. He recommended any changes that needed to be made at this point, should be done by Budget Amendments.

Member Houser asked for clarification on the Pay Study and Patterson noted the changes to salary would be approved in the budget and would start on July 1st. Cordeiro explained the budget authorizes expenditures but the Youngsville ABC Board would set the salaries. Chairman Hardwick stated he thought salaries were always set with the budget and Cordeiro recommended the Youngsville ABC Board approve the budget then set salaries later by the Youngsville ABC Board, not to exceed the budgeted amount except through Budget Amendments. Member Houser stated he was comfortable with that process.

MOTION: ACCEPT THE PROPOSED BUDGET AS SUBMITTED AND TO SCHEDULE A PUBLIC HEARING ON FYE 2020 BUDGET FOR JUNE 7, 2019 AT 9AM

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

The next item on the agenda was Reports and Other Business. Chairman Hardwick stated there was an updated contact list in the packet that included the new email addresses and phone numbers.

Member Houser noted the ABC Store was listed under Youngsville Board of Alcoholic Control on some documents and inquired if the legal name should be changed on documents. Patterson stated she was working on getting the name changed in several places. Member Houser stated it should be fine as many businesses worked under “doing business as (DBA)” when using a condensed version of the name.

Member Houser stated Member Norman’s term had expired and asked if she had the authority to vote. Cordeiro explained prior case law in North Carolina indicates that it is permissible to serve at the pleasure of the appointing Board until reappointment or the appointment of another individual. He stated there were no problems with her exercising her duties. Cordeiro recommended reconsidering Member Norman’s appointment, along with the two vacancies, at the next Board of Commissioners meeting. Member Norman stated she was willing to continue to serve.

Member Houser stated the seller of the property was going out of town and was putting pressure to close. He asked if Union Bank would have the appraisal soon and Patterson stated closing should take place on May 14th or 15th. She stated that she has the final piece of information needed. Member Houser stated the seller wanted to close sooner if possible. When asked, Member Houser explained Kathy Drake has been engaged for closing. He recommended Patterson let Union Bank know to run the closing through Mrs. Drake’s office. It was noted that Patterson and Pritchett would sign on behalf of the Youngsville ABC Board at closing.

Member Houser asked that a copy of the settlement statement be sent to the Youngsville ABC Board Members as soon as it became available, so they can decide about the initial draw on the loan. He noted the Youngsville ABC Board had already paid \$5,000 and only owed \$175,000 at this time. Member Houser stated with the additional closing costs, the Youngsville ABC Board may want to consider drawing on the loan. Cordeiro stated an email vote would be inappropriate so he recommended a Special Call Meeting, via teleconference if needed, with 72 hours’ notice. Member Houser stated the Youngsville ABC Board should decide now about the initial disbursement.

MOTION: MAKE INITIAL DISBURSEMENT THE AMOUNT OF THE ORIGINAL PURCHASE PRICE OF THE LAND PLUS ALL RELATED CLOSING COSTS.

The motion was made by Member Houser and was seconded by Member Norman. The motion passed unanimously. Member Norman inquired about the estimated costs and the answer was approximately \$5,000.

Member Norman asked if there were any prospective members and Chairman Hardwick stated the he was aware of a couple of people that were willing to help. Cordeiro stated the Board of Commissioners has expressed a desire to have a rudimentary application process for the new members. Chairman Hardwick stated one of the candidates had previously been on the Youngsville ABC Board. Cordeiro stated the Board of Commissioners is interested in getting a general idea of experience, back ground, and how the candidates feel they can help the Youngsville ABC Board. Chairman Hardwick stated one candidate was an architect and the other ran a business with a \$3,000,000 budget, though he does travel a lot. He noted both had stated they could work their schedules around the Friday meetings. Patterson asked if they were aware of the required ethics training and Chairman Hardwick stated yes, one had previously taken the class. Member Houser asked if there were restrictions on where candidates lived, and Chairman Hardwick stated one lived in town and the other lived just outside of town. Member Houser stated he had a candidate in mind as well. He asked how people could apply and if the information could be provided by email. Cordeiro stated it could be put on the website or he could send the information to Member Houser. Cordeiro requested about half a page of information. He noted quick interviews could be done at the Board of Commissioners meeting. Chairman Hardwick stated he would check with his candidates.

Hurd noted the phone numbers for Town Hall had changed. Information in the packet included the new phone number along with direct lines for Town Staff.

Member Houser asked Patterson about specific work days and Patterson stated that she did not have a specific day of the week she was in the office. She stated that she could be reached by email or text any day of the week. Member Houser asked about the ABC Store email and Patterson stated that she had switched it over. Cordeiro stated the old phone numbers would still be active for a while, then would roll over to the new phone numbers.

Patterson stated checks would be signed after Pritchett gets back in town.

The meeting adjourned at 10:06am.