



Youngsville ABC Board  
P. O. Box 387  
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(919) 556-3590  
ABCStore@townofyoungsville.org

## MINUTES

**MARCH 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 Lila Hedlund. Also, in attendance was ABC System General Manger Bridget Stanley, ABC System Assistant General Manager Jason Bryant, and Town Clerk Emily Hurd. Guest included Rick Turner.

The first item was to approve the agenda.

#### **MOTION: TO APPROVE THE AGENDA AS SUBMITTED**

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

The next item on the agenda was to swear in newly appointed Member Lila Hedlund. Town Clerk Hurd swore in Member Hedlund. Member Hedlund gave a brief history of her experiences in the hospitality industry, noting that she was more than willing to chip in and help. She stated she has extensive background in human resources, in which she specialized in opening hotels, training staff, and making sure procedures were maintained. Member Hedlund stated her interest in joining the ABC Board was twofold. She noted it is an exciting time with the opening of the new ABC Store and is willing to help to make sure the new store gets up and running. Member Hedlund noted she is also interested in the public relations aspect and ensuring they have the best staff working in the ABC Stores with the ability to retain them. She stated she could lend her expertise with human resources. Member Hedlund stated she also has experience with security as



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it pertains to the hospitality industries and gave some examples. This also gave her some insight into the liquor licensing side of the industry.

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.

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

Carey Johnson from the Franklin Times noted it was difficult for individuals listening on teleconference to know who was speaking. He requested that ABC Board Members announce themselves before commenting so people can become familiar with their voices.

There were no other comments.

The next item on the agenda was the Financial Report. Stanley explained the Financial Report shows a loss for February due to a serious inventory issue because of the current software. She noted they have done a couple of counts this month but will do a complete inventory count, which has not been done since Pritchett left in January. Stanley noted payroll was approximately \$6,000 over due to the payout of accrued vacation to Pritchett and onboarding Bryant. There will also be an increase in the costs of benefits due to the new employees. These costs will start to decrease and level out in March. Chairman Houser noted the gross profit margin for sales ran over 20%, so the loss caught his attention immediately. He encouraged a vote in favor of the new software. Stanley stated this was not the first time this has happened, and the new software should eliminate this issue going forward. Chairman Houser noted the loss shown on the financial reports was inaccurate and Stanley explained February did not have the highest profit percent, but it should not have shown a loss. She stated there was a 5% difference in the costs of goods sold versus the previous month. Stanley stated Bryant had a great idea of



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increasing inventory when those items are on sale. Paying a lower cost now will help to give the ABC Store a boost.

Stanley stated she has put together a general budget for the upcoming fiscal year and has completed most of the new capital expenditure budget. She stated she will start to work on the line items for next year's budget and hopes to have it ready for presentation at the May ABC Board Meeting. Stanley stated that will give her time to take any feedback for adjustments. The public hearing and final vote will be scheduled for the June ABC Board Meeting.

Stanley stated she was working on a trend analysis before doing final adjustments to the budget. She noted there have been statewide increases in sales due to the pandemic. Stanley explained Youngsville was #14 in sales for the State in February and she wanted to wait and see what the next couple of months were like to be accurate. Chairman Houser clarified the public hearing would be held in June and Stanley stated that was correct. She stated she would send out the proposed budget early and the discussion in May would be lengthy.

The next item on the agenda was the approval of the Consent Agenda. The Consent Agenda included Minutes from the ABC Board Regular Meeting on January 8, 2021, ABC Board Regular Meeting on January 19, 2021, and ABC Board Regular Meeting on February 16, 2021.

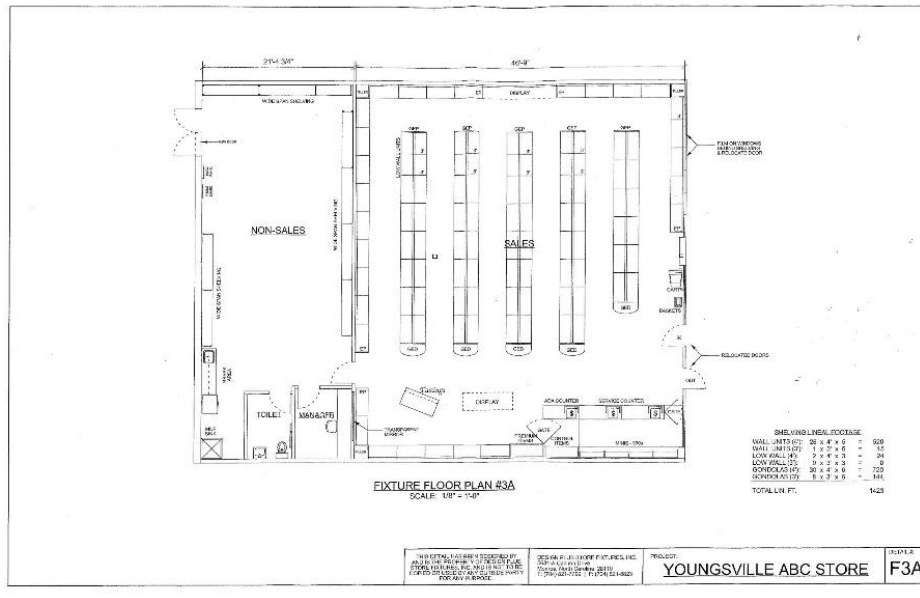
**MOTION: TO APPROVE THE CONSENT AGENDA**

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

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. Mr. Turner instructed himself and handed out the proposed floor plan to the ABC Board.



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Mr. Turner explained the basic design included switching to one entrance and setting a shopping pattern using the shelving layout. There are 1,423 linear square feet of shelving, which is a good footage based on the growth of the industry. This will allow for more variety, which is needed to compete with Wake County. When asked, Mr. Turner estimated the current location had approximately 700 square feet of linear shelving. He noted this new location opened a lot of opportunity.

Mr. Turner noted the sales counters were on the left side of the entrance and were 12' long, with an ADA sales counter on the end, and 15' of shelving for minis along the wall behind the counters. There will be a lighted bookcase style display unit for premium or high theft items that will be locked. Mr. Turner noted the two-way mirror will not be installed, explaining the shelving will continue along the wall. There will be a display area on the far wall and explained this can be set up in different ways as an accent area.

Mr. Turner explained the warehouse will include a break area, office, and bathroom. Most of the area will include 2 levels of wide-span shelving similar to pallet racking, which will be open underneath at a height that will allow for hand trucks. This layout allows for more room in the sales area but by using the shelving, the ABC Store will be able to take advantage of the space.



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Mr. Turner stated there will a mobile unit on casters for in-store tastings. This tasting unit can be turned around and used as a display or stored until needed.

Mr. Turner explained the proposal for fixtures was approximately \$68,000. However, there has been a significant increase in the cost of metal shelving. He explained the process for steel surcharges. Due to the significant increases in the steel surcharge, the proposed costs for fixtures will increase, though he is unsure by how much. Mr. Turner explained this was something the contractors had no control over. Once the ABC Board has made their decision, then he can move forward with the order.

Mr. Turner explained the ABC Board would be able to save money on the lights as he can order them at a 25%-30% costs savings. He stated the costs of flooring has increased by 7%-8%. Mr. Turner showed samples of floor types and colors. He also showed pictures of the open ceiling concept, noting it opens the space to make it look larger. The sales counters will be on a platform that is raised about 6". Mr. Turner showed some pictures for the display area on the back wall and Member David noted it would be good for seasonal displays or displays by individual distillers. Chairman Houser stated most ABC Stores lock their premium items in display cases like the one Mr. Turner proposed.

Stanley explained that she wanted the Youngsville ABC Store to have a "country general store" look similar to the Belmont ABC Store. Chairman Houser agreed that he wanted something with a homey atmosphere and noted it would not be expensive. Stanley stated the appeal of Youngsville was the community. She explained the community was very involved and she wanted to provide that environment for customers and employees. Stanley stated she wants customers to experience a warm, homey, and classy experience they cannot get at other stores. Chairman Houser noted they were aiming for a culture of hospitality and Stanley stated that was her vision. She stated there would be barrels for displays like you would find in a country store and the back display could be set to look like a front porch with an awning overhang. Mr. Turner stated he could figure something out that would not be too costly.

Member David asked if the logo would be included with the indoor signage and Stanley stated it would be part of the outdoor sign which will be presented later in the meeting.

Mr. Turner stated he would do some research by calling the Belmont ABC Store. Stanley stated she liked the idea of the country feel. Member Hedlund agreed, noting that was what they wanted to see in Youngsville. Stanley felt the community would respond well to the atmosphere. Member David wanted to make sure they stayed within the budget



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and Mr. Turner explained small finishes like beadboard would not have a significant impact, but items like crown molding would add some expense. Mr. Turner stated he would run the numbers and report back to the ABC Board.

Mr. Turner noted they can lock in the prices as soon as the ABC Board signs the contract. He explained there were some lead times, noting that anything shipping after June would be subject to a higher surcharge. Mr. Turner stated he would order the shelving to secure a spot and shipping date, noting adjustments could be made up until about three weeks before they ship.

Mr. Turner stated he would like to look at the flooring and laminate today and presented samples of the various styles and colors. After a brief discussion, it was decided the property committee would meet with Mr. Turner and bring their choices back to the ABC Board. Chairman Houser noted he would like to tie the back display to the front counter area.

Chairman Houser inquired about signage for the different categories and Mr. Turner stated those were included. Stanley asked if they would be able to decide the font and Mr. Turner stated yes. Mr. Turner stated it was a pretty design that will add a lot to the ABC Store. He stated he will get all the information together and correspond with the ABC Board.

When asked, Mr. Turner explained the steel surcharge was based on when the items were shipped, not ordered. He stated he would order them as soon as he could and store them if needed.

The second item under Old Business was the presentation of the Capital Expenditure Budget for the new ABC Store opening project. Stanley explained the property committee met and put together a budget. She noted Mr. Turner will provide the flooring, fixtures, Covid screens, lighting, and design services as solicited by the ABC Board. Further presentations will be put before the ABC Board for approval for software, security, and signage. All estimated costs listed have been to multiple vendors for estimates, acting in the best interest of the financial needs of the ABC Board. Based on the linear square footage, the ABC Store will need to have an inventory on hand valued at approximately \$200,000. With the proceeds from the sale of the current ABC Store property, as well as the distribution forgiven by the Town, the ABC Board will be able to utilize this Capital Expenditure Budget to determine the need for a line of credit proposal to be submitted to local banks for the new store opening.



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Exhibit A showed an overview of the Capital Expenditure Budget, Operating/Startup Budget, and the Sources/Uses of Funds.

**Exhibit A:**

Capital Budget for New Store			Operating/Start Up Budget			Sources and Uses of Funds	
	Provider	Cost		Estimate	Allocation		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	<b>Totals</b>		<b>\$ 250,000.00</b>	Capital Budget	\$ 157,348.00
Light	Rick Turner/						
Fixtures/Installation	Landlord	\$ 9,453.00				Operating Budget	\$ 250,000.00
Flooring/Installation	Rick Turner	\$ 14,000.00				Borrowing Need	\$ (169,348.00)
Tenant Upfit	Landlord	\$ 10,000.00					
Cash Registers	Bid	\$ 29,000.00					
Computers	Best Buy	\$ 1,000.00					
Office Equipment	Office Depot	\$ 2,000.00					
Security System	Sonitrol	\$ 3,843.00					
Telephone System	Nextiva	\$ 1,000.00					
Outdoor Signage	Mercury Signs	\$ 11,000.00					
Desks, Tables and	Various	\$ 2,500.00					
Kitchen, Bathroom &							
Cleaning Supplies	Sam's	\$ 300.00					
<b>Totals</b>		<b>\$ 157,348.00</b>					

Stanley noted Mr. Turner has upfitted most of the ABC Stores in the state. Based on his previous comments, she noted the fixture estimate would increase from the proposed \$68,361. Cash register costs have changed slightly from the original presentation as she now has a finalized quote from the software vendor. The Security system will cost \$3,843. The costs for signage include taxes and permitting fees. The total costs for the new store Capital Budget were \$157,348 before the upcoming price changes.

Also included in Exhibit A was an Operating/Start up Budget and Sources and Uses of Funds. Stanley stated the only two items are inventory at \$200,000 and operating capital at \$50,000. She noted the sources of funds included the sale of the property and working capital for a total of \$238,000. With the budget for the new store of \$157,348 and a startup budget of \$250,000, this leaves a borrowing need of \$169,348.

Chairman Houser stated they did not have a contingency item for overrun. He noted they have already paid Mr. Turner for some of his design and consulting fees. Chairman Houser stated the fixtures will include the previously discussed surcharge and suggested adding a \$10,000 contingency item for the capital budget. Mr. Turner noted he left computers off his quotes as they may or may not be needed. Chairman Houser noted the



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design included a countertop like workspace so the total for furniture may be decreased. He felt adding \$10,000 in contingency would put them in good shape. Stanley agreed, noting it would give her room for anything she may have missed, such as a sound system or shopping carts and baskets.

Chairman Houser noted Mr. Turner has a good feel for inventory due to his experience. Based on Mr. Turner's previous estimate of \$175,000, they rounded up to \$200,000 so customers will see that Youngsville has everything they need. Stanley stated Bryant was working hard on increasing inventory and ordering items for the new store. She stated they wanted to have the shelves full of the best selections. At the Grand Opening, she wants customers to see that Youngsville has items they cannot get anywhere else.

Stanley stated she would add the \$10,000 contingency to the Capital Budget for the new ABC Store. She stated once they get closer to the opening, they will have a better idea of costs. A budget amendment can then be used to correct or exclude items as needed. Chairman Houser stated it was important for the ABC Board to know what they were spending money on, what funds were in the bank, and what their borrowing needs were.

**MOTION: TO APPROVE THE CAPITAL EXPENDITURE BUDGET FOR THE NEW ABC STORE OPENING PROJECT**

The motion was made by Member Hedlund and seconded by Member David. Stanley stated these figures may need to be increased but noted that she will bring a final budget amendment back to the ABC Board. The motion passed unanimously.

The next item on the agenda was New Business. The first item under New Business was a presentation of the Request for Proposals (RFP) for installment financing in an amount not to exceed \$200,000 in relation to opening a new ABC Store. Stanley explained the ABC Board had the potential need to borrow \$159,000 for additional inventory. She stated that she, Patterson, and Chairman Houser put together an RFP to secure a \$200,000 line of credit. This will give the additional funds needed for the new store project. Stanley presented the full request to the ABC Board and read through the proposal. She noted the ABC Board is set to take possession of the building on June 1<sup>st</sup>. The proposals are due by April 12<sup>th</sup> for the ABC Board to award the bid to the financial institution during their April 20<sup>th</sup> ABC Board Meeting.

**MOTION: TO APPROVE THE REQUEST FOR PROPOSALS TO BE DISTRIBUTED AS PRESENTED**





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

The second item under New Business was to consider approval of an agreement with Mercury Signs to procure installation of proposed ABC Store signage. Chairman Houser noted the ABC Store would occupy two store fronts. He explained the landlord allowed for businesses to use 80% frontage for their signage, however the Sign Ordinance did not allow for such a large sign. Stanley explained the Sign Ordinance only allows up to thirty-two square feet of signage, which makes the sign extremely small. She stated the ABC Board could apply for a variance that would go before the Board of Commissioners.



Stanley presented the two options from the vendor. She stated she liked the sign overall but noted the size was an issue. Stanley requested the ABC Board vote on the contract, to include the preferred design, so she can move forward. If the sign must be smaller, it will reduce the costs. Chairman Houser stated it might be better to eliminate the logo and both Members David and Hedlund agreed. Stanley stated another option would be to remove the words “liquor store”. Chairman Houser stated they needed more time to explore their options and requested they table the decision until next month’s ABC Board Meeting. Stanley stated she should have the information by then and still have enough time to order the sign. She noted that she had inquired if the sign could be double the size since they were occupying two locations but per sign regulations, it is considered one



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entity. Stanley explained the other signs in the shopping plaza were larger because they were grandfathered under the old ordinance.

**MOTION: TO TABLE THE DISCUSSION ON THE PROPOSED SIGNAGE DESIGN AND AGREEMENT WITH MERCURY SIGNS**

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

The third item under New Business was to consider approval of an agreement with Sonitrol Integrated Security to procure installation of a security system for both ABC Store locations. Stanley noted Member David had joined her in meeting with the security company when they presented their proposal, which was included in the agenda packet. She explained Sonitrol was a preferred vendor with the Town of Youngsville and had been vetted by Cordeiro. Stanley stated she had asked the current vendor for a proposal but never heard back from him. Based on feedback and their quotes, Sonitrol was selected. Stanley explained Sonitrol was currently upgrading the ABC Stores in Wake County and were able to pass along the bulk pricing discount as they would be ordering our equipment at the same time as Wake County's. Included in the proposal was a layout of the proposed security system. Both Stanley and Member David felt Sonitrol would best suit the needs of the ABC Stores.





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**MOTION: TO DIRECT ABC SYSTEMS GENERAL MANAGER TO EXECUTE CONTRACT WITH SONITROL INTEGRATED SECURITY**

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

The fourth item under New Business was to consider approval of an agreement with Steve Gaskins Consulting (SGC) to procure installment of ABC System software. Chairman Houser wanted to get this approved as soon as possible due to the current issues and the need to train staff. Stanley stated she and Patterson have been working on doing this immediately and without going over budget this fiscal year. She noted they are currently in discussions with the software company regarding payments. Stanley explained Mr. Gaskins has agreed to allow the annual payment to be made within the next twelve months to suit the needs of the ABC Board. She appreciated his willingness to work with us and noted the fees could be incorporated in the next fiscal year, so we will not end up over budget. Stanley stated this would be the fiscally responsible option.

Stanley stated Member David had participated in all four of the software proposals from companies approved by the NC ABC Commission. She noted costs were comparable and all the software companies were willing to work with our needs. SGC was by far the top choice as their software was the most user friendly and met our needs in the best way. Stanley stated the real time inventory alone was impressive, as was how intelligent the software was. She stated this software would allow for price comparisons while scanning inventory and knows what inventory is in the building.

Stanley stated SGC has agreed to provide equipment and software at the current location until they close at no additional cost. Should the ABC Board decide to keep the downtown location, then they will have to purchase the equipment. Stanley noted they were getting two stores worth of equipment and software for the price of one.

Member David went over the presentations of all four companies, including their benefits and disadvantages. He noted SGC just came in ahead of the competition. Member David noted that SGC was able to answer Stanley's questions with either the requested ability was already included, or they were willing to create the requested functions at no charge. This was something the other companies were not willing to state. Member David stated



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there was a lot to be said about how polished SGC's presentation was. It was thorough and he noted their ability to address any concerns. Member Hedlund inquired about the turnaround time should the system go down. Stanley stated Mr. Gaskins committed to same day service if it impacts the business. If there is a problem the ABC Store can get by on, then they would try for same day, but it may take up to 48 hours. Member David stated most major problems can be addressed remotely, noting the need for inhouse service was rare. Stanley explained the hardware SGC was providing was top of the line with customer facing displays. Member David stated this was a good feature since it allows the customers to see their purchases and total due. He felt the customers would appreciate it.

Chairman Houser noted the previous ABC Board had seen a presentation by SGC and felt it was a far superior product than our current software, so he was not surprised the committee chose them. Stanley noted salesmen always put their best foot forward, but she felt Mr. Gaskins had been very transparent and straightforward during his presentation and phone conversations regarding fee schedules, services, and additional costs. She noted there was a clear line between what was included for free and what would incur additional costs.

Stanley stated another important feature was the automation of reports. SGC allows for customizable reporting and it works with QuickBooks. She noted the software could be as simple or complex as the user chooses. The other software systems were either too complex or too simple with no wiggle room. SGC can show both stores inventory and gives the ability to transfer between stores. It allows for growth without another investment. Stanley explained their search for software was not for just right now but for software that will serve us for the long term. She felt SGC can do that for Youngsville.

Chairman Houser thanked Member David and Stanley for their time, effort, and due diligence in looking for a better software system. When looking back, he noted they did not have the same level of research when Dalcom was presented as an option. Chairman Houser remembered Patterson noting how much time SGC could save them after Mr. Gaskin's original presentation last year. As she is new to the ABC System, Stanley stated it gives her a unique perspective on seeing inefficiencies. She felt SGC will be easy and efficient to work with. Chairman Houser noted that with Dalcom, the ABC Store Managers have had to back up inventory counts by hand. He thanked both again for their hard work.



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**MOTION: TO DIRECT ABC SYSTEMS GENERAL MANAGER TO EXECUTE CONTRACT WITH STEVE GASKINS CONSULTING**

The motion was made by Member David and was seconded by Member Hedlund. Stanley noted the price included in the agenda packet was the full price not including the annual fees which will be due next fiscal year. The annual fees can then be budgeted for the next fiscal year. The motion passed unanimously.

Stanley noted they will implement the new software immediately. Mr. Gaskins has offered the option of paying half at implementation and upon the loaner equipment with the remaining portion due once the new ABC Store opens. She asked the ABC Board how they preferred to pay. Chairman Houser felt it was better to pay half and Member Hedlund agreed. Chairman Houser noted he would like to pay the remaining portion before June 30<sup>th</sup>.

The fifth item under New Business was Budget Amendment 2021-4 for Capital Expenditure addition to the FYE 2021 Budget for the new ABC Store opening. Chairman Houser noted Mr. Turner's costs will be higher based on the previous conversation regarding surcharges. He stated additional budget amendments can be brought to the ABC Board as needed.

**MOTION: TO APPROVE BUDGET AMENDMENT 2021-4 IN THE AMOUNT OF \$167,348 FOR CAPITAL OUTLAY**

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

The next item on the agenda was Reports and Other Business.

Chairman Houser stated there have been no issues related to the pandemic and ABC Store staff seems to be handling the situation perfectly.

Chairman Houser noted his appreciation for Stanley and welcomed Bryant to the Youngsville team. He stated he was looking forward to great things.

Member Hedlund stated she was happy to be a part of the ABC Board and thanked everyone for their hospitality. She noted she was looking forward to meeting everyone and welcomed Bryant aboard.



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Stanley stated she and Bryant were working on making some great changes, including the culture. They are focusing on maximizing sales and profits. This includes focusing on how well certain items sell and which ones make the most money. Stanley stated she was excited about the new store. She noted she was working on implementing policies that will be beneficial for when the new ABC Store opens as there will be more employees and moving parts.

The next item on the agenda was Closed Session. Chairman Houser stated there was no need to go into Closed Session at this time.

The meeting adjourned at 10:48am upon a motion made by Member David, seconded by Member Hedlund and passed unanimously.