

**RESOLUTION MERGING THE  
WALNUT COVE ALCOHOLIC BEVERAGE CONTROL BOARD WITH KING  
ALCOHOLIC BEVERAGE CONTROL BOARD**

**WHEREAS**, there presently exists an Alcoholic Beverage Control System which serves the Town of Walnut Cove

**WHEREAS**, the City of King has passed a bond referendum to approve the sale of alcohol within the City of King and the establishment of an Alcoholic Beverage Control System and

**WHEREAS**, the Town of Walnut Cove Alcoholic Beverage Control Board, the City of King City Council, and the Town Council of Walnut Cove have determined it is in the public interest to have a Consolidated System to serve both the City of King and the Town of Walnut Cove as permitted by the merger provisions of Chapter 18B of the North Carolina General Statutes; and

**NOW, THEREFORE, BE IT RESOLVED** by the governing body of the Municipality of the Town of Walnut Cove (Town) to approve the Board and system as set out in this Resolution and to request that it be submitted for approval by the North Carolina Alcoholic Beverage Control Commission ("Commission").

**BE IT FURTHER RESOLVED** by the City of King City Council (City) to approve the Board and Consolidated System as set out in this Resolution and to request that it be submitted for approval by the North Carolina Alcoholic Beverage Control Commission ("Commission").

**1. Organization**

- 1.1 The merger would take place effective February 1, 2024, or as soon thereafter as possible.
- 1.2 The two boards will be combined into a single board known as the Stokes Municipal Alcoholic Beverage Control Board.
- 1.3 The merged board shall be composed of five members; the current board of directors for the Walnut Cove ABC board will remain on the board, and the City shall appoint two joining members to serve. One board member will serve a one-year term (initially), and the remaining board member will serve a two-year term ending June 30, 2025. All new appointments would be for a two-year term. All terms shall end on June 30<sup>th</sup> and begin on July 1<sup>st</sup>. Board members must be voting residents or reside in the ETJ of either the City of King or the Town of Walnut Cove, whichever jurisdiction in which they reside. The Chairman shall be appointed jointly by mutual agreement by the City and the Town and be an alternating three years alternating from jurisdiction beginning with Walnut Cove. The Chairman shall be appointed from an existing position from the current board members.

- 1.4 Compensation for board members will be \$150 per meeting, and compensation for the chairman of the board will be \$250 per meeting.
- 1.5 The statutory distribution for law enforcement will follow a 50/50% of 5% distribution as agreed to for net profits.
- 1.6 The statutory distribution for alcohol education will follow a 50/50% of 7% distribution as agreed to for net profits. The City and Town will each determine how their respective proportionate share of these funds is utilized in support of alcohol education and rehabilitation.
- 1.7 The distribution of net profits will be on a 50/50 basis, with the City receiving 50% and the Town receiving 50%. In the event that both stores are profitable at the end of five years, the distributions will remain in the originating municipality. Funds from the Walnut Cove ABC store will return to the Town of Walnut Cove, and funds from the King ABC store will return to the City of King. This resolution will be reviewed every five years.
- 1.8 The merged ABC System will adopt and approve the current accounting, personnel, internal record-keeping systems, and current policies and procedures of the Walnut Cove ABC Board until such time as the Stokes Municipal ABC Board has had sufficient time to evaluate the systems and make changes as appropriate.
- 1.9 The initial office for the general manager of the Stokes Municipal ABC Board will be in a yet-to-be-determined permanent location. The Stokes Municipal ABC Board will determine the location of the manager's office in the future.
- 1.10 The current employees of the Walnut Cove ABC Board will become employees of the Stokes Municipal ABC Board at their current salary level.

## **2. Discontinuing Operations of the Walnut Cove ABC board**

- 2.1 The general operations of the Walnut Cove ABC board shall cease at the close of business on January 31, 2024, and a final audit will be prepared as soon as possible to close operations.
- 2.2 An inventory of all alcoholic beverages and consumable supplies shall be taken by actual count and a value established. The Stokes Municipal ABC Board shall assume products and goods via transfer from Walnut Cove ABC Board at the established market value. As approved by the NC ABC Commission.
- 2.3 All taxes, accounts payable, and other obligations shall be paid from the cash balance from the Walnut Cove ABC store's bank account.
- 2.4 Once all checks have cleared and all obligations have been settled, the remaining cash in the Walnut Cove ABC Board bank account shall be distributed on a 100% basis to the Stokes Municipal ABC Board. Once these payments have cleared, the current bank account will be closed, and the Walnut Cove ABC Board will cease to exist.
- 2.5 The current building, fixtures, and equipment shall transfer to the name of the Stokes Municipal ABC Board. As part of the merger agreement, the Stokes Municipal ABC Board shall insure and maintain the building and repair or replace existing fixtures and equipment as needed. If the building and fixtures are sold by the Stokes Municipal ABC Board, then all sales proceeds would be split between the Town and City under the established 50/50 formula.

### **3. Creating a Stokes Municipal ABC System**

- 3.1 It is the intent of the Town of Walnut Cove and the City of King to merge ABC boards and establish a new store within the City Limits of King while maintaining an existing store within the town limits of Walnut Cove.
- 3.2 City and Town will capitalize a new ABC system by contributing existing funds from the Walnut Cove ABC board and up to \$200,000.00 from the City of King, along with Water and sewer services provided by the City of King.
- 3.3 A feasibility study has been completed by SPG Consulting, and the report is favorable for opening a new store within the City Limits of King. Land or a leasehold location has not been acquired at the date of this merger agreement and will be subject to availability and agreement after a board merger is executed.
- 3.4 Stokes municipal board will issue additional principal-only payments in lieu of distributions from the King ABC store for land and building until the loan has matured. Any lease payments(s) will be satisfied prior to distribution payments being made to the City of King as a part of the Store's operating expense.
- 3.5 Stokes Municipal ABC board will issue distribution payments to municipalities in lieu of taxes.
- 3.6 Future debt needs will be serviced by a financial institution (unless otherwise agreed upon by both municipalities).
- 3.7 Stokes Municipal ABC board will operate under the existing Walnut Cove ABC board personnel policy and handbook.
- 3.8 Inventory acquisition is fluid and is yet to be determined or agreed upon. Estimated value \$375,000.00.
- 3.9 Any assets acquired by the Stokes Municipal Board will be property of the same.
- 3.10 In the event of a dissolution of the merger, the net assets will be distributed (minus liabilities) 50/50 back to the Town of Walnut Cove and the City of King. This Resolution will be reviewed every five years.

**BE IT FURTHER RESOLVED**, in the event of withdrawal from the system by any existing or new member, or any combination thereof, the governing bodies of the remaining entity(ies) are to agree upon the appointment of an independent CPA or CPA firm to make an audit of the books and records of the System and make a determination as to what assets and/or liabilities are appropriately those of the Board and those of the board(s) or governing body(ies) of the withdrawing municipality(ies).