

Durham County ABC Board

**Minutes of the Meeting
May 24, 2012**

The Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard on the 24th day of May 2012.

Board Chair Kim Shaw called the meeting to order at 5:30 PM.

Other Board members present were Deirdre Guion, Kevin Nelson, Erroll Reese and Connie J. White. General Manager Emily Page, Fiscal Services Director Lee Keatts and Attorney George W. Miller, Jr. were also present.

Consent Items

Consent agenda items included the Board Attendance Report, Adoption of Agenda and the Minutes of the April 16, 2012 meeting. On motion by Dr. Guion, seconded by Mr. Reese, the consent agenda items were approved without objection.

Ms. Shaw read the Board's Conflict of Interest Review and Declaration statement. She asked board members to declare that they had no conflicts of interest with any items coming before the board and, if so, that they would recuse themselves from voting. All board members declared their agreement.

Law Enforcement Report and the Financial Reports for April 2012

- **Law Enforcement Report for April 2012**

In April, there were 28 ABC law violations, 7 controlled substance violations, 12 traffic offenses and 2 criminal offenses. Law Enforcement provided alcohol education to 1 group, assisted other agencies during 9 incidents, conducted 57 inspections, 97 compliance checks and spent 6 hours in training.

- **Financial Reports for April 2012**

The April retail sales were down 8.23% compared to last year. MXB sales were up 3.98% compared to last year.

Total sales for the month were \$1,982,694, representing a decrease of \$120,449 which is 5.73% below last year in April. Monthly sales were below the budget projections by \$81,115, a negative variance of 3.93%. Year-to-date sales of \$21,074,634 were up 4.74% compared to last year and 1.63% over budget.

Monthly profit before distributions of \$126,313 was below budget by \$24,016, representing a negative variance of 15.98%. Year-to-date profit before distributions of \$1,358,518 was above budget by \$326,501 representing a positive variance of 31.64%.

After profit distributions totaling \$57,653, there was net income of \$68,660, a negative variance of \$18,615 under budget. Year-to-date, net income of \$757,727 was above budget by \$370,166.

Compared to last year, April net income decreased \$10,609. Year-to-date net income was up \$331,653.

Operating Budget Review

Ms. Page presented the proposed FY 2013 operating budget which was also distributed prior to the meeting. The board reviewed the budget in detail and discussed plans for potential capital investments as well as general operating expenses. Dr. Guion asked the general manager about the projected sales growth and on what basis the projections were being made. Ms. Page shared that general sales trends, growing interest in designer cocktails as well as the investment that distillers and distributors are making in new products and advertising provide her confidence that Durham ABC will meet at least the projected 4.31% increase in retail sales and 2.81% increase in mixed beverage sales.

On motion by Ms. White, seconded by Dr. Guion, the board voted unanimously to approve the proposed FY 2013 operating budget.

Proposed Budget for ABC Commission

The Proposed Budget document required by GS 18B-702 was distributed by Ms. Page prior to the meeting. The Proposed Budget document is the same information contained within the operating budget in the format required by the ABC Commission. Ms. Page informed the Board that the Proposed Budget document would be filed with the ABC Commission and the Board of County Commissioners and would be posted to the Durham ABC website on the following day.

On motion by Mr. Reese, seconded by Ms. White, the board voted unanimously to approve the proposed budget.

Budget Hearing Planning

A draft for a protocol for the upcoming Budget Hearing was presented by Ms. Page. A copy of the protocol is included within the minutes as Appendix A. The board reviewed the draft. Mr. Reese asked how the logistics for the meeting will be handled such as the public having an opportunity to speak. Ms. Page provided details on how the public would sign up for comment and be recognized by the Chair.

Ms. Page informed the Board that the Protocol would be posted on the website and that a public notice of the Hearing would be advertised in the newspaper and posted at the administrative office.

On motion by Dr. Guion, seconded by Mr. Reese, the board voted unanimously to approve the Budget Hearing protocol.

Travel Policy Exception Recommendation

Ms. Page reviewed the recommendation for a travel policy exception that had been distributed via email to board members. A copy of the recommendation is included herewith as Appendix B. Ms. Shaw asked for clarification on whether the recommendation was limited to travel within FY2012. Ms. Page clarified that only FY2012 should be considered for the exception. Mr. Nelson moved that the recommendation be accepted and Dr. Guion seconded. The recommendation was approved unanimously.

Financial Auditor Recommendation

Ms. Page presented a recommendation to the board for financial auditing services for DCABC for FY2012 through FY2014. The recommendation is enclosed herewith as Appendix C. The recommendation was for the board to select one of two finalists, Cherry, Bekaert & Holland, LLP of Raleigh, NC or Roberson CPA Firm, PLLC of Durham. Each firm presents unique benefits and each presents possible challenges in utilizing their services. Ms. Shaw highlighted that Roberson CPA was a Durham County based business and suggested that given that either firm will meet the needs of the organization, then she would like to see the tax dollars remain in Durham County. Other board members agreed.

On motion by Mr. Nelson, seconded by Mr. Reese, the board voted unanimously to approve the recommended financial auditor.

Grant Funds Distribution

Mr. Reese requested that the topic of grant funds be placed on the agenda. Ms. Page informed the board that, based on year-to-date and forecasted performance for the remainder of the fiscal year, approximately \$31K in statutory grant funds remained undistributed at this time. Mr. Reese proposed that the Board make these funds available to non-profit organizations with summer programs that will educate youth on alcohol abuse and under-age drinking prevention. The board agreed to the formation of a subcommittee that will lead the effort to provide the opportunity for organizations to submit an application to receive these funds before the end of the fiscal year. Mr. Reese and Mr. Nelson agreed to participate on the committee. The committee will follow the established criteria for Durham ABC's Community Partners and Ambassadors program.

Strategic Planning and General Manager's Report

Ms. Page provided the Strategic Planning and General Manager's Report in the board meeting packet which was distributed prior to the meeting. In addition to the items on the report, Ms. Page inquired whether the board wanted to distribute a press release on Holloway Street's opening and/or hold a grand opening event. The board affirmed that both would be appropriate especially with the new Holloway Street's opening marking the end of an era of counter service in Durham County.

Ms. Page also mentioned that the ABC Commission's Performance Audit had taken place as planned. Results were anticipated in approximately two weeks per the scheduled outlined by Ms. Moniqua McLean of the ABC Commission.

Other Business

Ms. Page provided the Other Business Report in the Board meeting packet which was distributed prior to the meeting. She highlighted the NC ABC Association Conference dates and encouraged board members to send in their registration forms if they are planning to attend.

Closed Business

Dr. Guion made a motion for the Board to go into closed session per GS 143-318.11(a): (3) consult with attorney (5) facility leases or purchases (6) personnel matters which was seconded by Mr. Reese and approved unanimously by the board.

After all closed business topics were complete, Ms. White made a motion to resume the meeting to

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open session which was seconded by Mr. Reese and approved without objection by all board members.

Adjournment

On motion by Dr. Guion, seconded by Ms. White, the meeting was adjourned without objection.

Approved By: Kim Shaw
Kim Shaw, Board Chair