

Durham County ABC Board

**Minutes of the Meeting
March 19, 2012**

The Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard on the 19th day of March 2012.

Board Chair Kim Shaw called the meeting to order at 5:33 PM.

Other Board members present were Deirdre Guion, Kevin Nelson, Erroll Reese and Connie J. White. General Manager Emily Page 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 February 20, 2012 meeting. On motion by Ms. White, seconded by Mr. Nelson, the consent agenda items were approved without objection.

Dr. Guion requested that the agenda be amended so that any items requiring a vote could be covered first. She needed to attend another meeting that was unexpectedly scheduled that will overlap with tonight's board meeting. The board agreed to revise the agenda as follows:

- 1) Budget Amendment
- 2) Strategic Planning and General Manager's Report
- 3) Board Retreat Planning
- 4) Other Business
- 5) Closed Business
- 6) Law Enforcement Report for February 2012
- 7) Financial Reports for February 2012
- 8) Adjournment

Ms. Shaw 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.

Budget Amendment

Ms. Page stated that 2010 legislation requires that the formal budget document be amended whenever spending is expected to exceed the established budget. A budget amendment must be passed stating the change being made to the budget with explanation before additional spending occurs.

Ms. Page presented formal documentation of the budget amendment that was passed at the January 17, 2012 meeting in which the budget for the Woodcroft construction project was increased by \$100K. Ms. White made a motion which was seconded by Dr. Guion to ratify the budget amendment made on January 17th with the addition that the increase in the capital budget will be offset by increased expected revenue from sales. Year-to-date sales are exceeding budget. The motion was approved without objection. The amendment is included as Appendix A.

Ms. Page presented several proposed budget amendments for consideration and approval. The amendments are included as Appendix B. As background for an additional Woodcroft construction amendment, Ms. Page provided an updated Woodcroft project budget reflecting the most updated actual and estimated costs available. The board discussed the additional anticipated costs and asked the General Manager if there are any other foreseeable changes which were not yet reflected in the budget. Ms. Page reported that she had been informed late Thursday afternoon by the project architect, Hoke New Vision Architecture, that the City building inspector indicates that the location of the employee break room does not meet building code. She informed the board that if the cost of changing the location falls to the board, then there will be a need for an additional amendment for this project because the cost of that change has not yet been estimated.

All of the other budget amendments were reviewed and discussed. Ms. White motioned that all proposed budget amendments be approved. The motion, seconded by Mr. Nelson, was unanimously approved.

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.

The first item on the report, construction at Woodcroft, was covered under the Budget Amendment discussion. The second item was the Falconbridge lease that ended on January 31. On motion by Mr. Nelson, seconded by Ms. White, the board voted unanimously to move this topic to closed business as it pertains to a lease.

The following items from the remainder of the General Manager's Strategic Report were discussed and/or actions taken:

- The backflow preventer work has been completed at the warehouse. The city has approved inspection of the backflow preventer and the total was \$34K.
- Holloway Street construction is under budget at this time though change orders are being requested as problems arise in the construction process.
- Projected appraisals have been conducted on the new locations currently under construction. Ms. White recused herself from this discussion and voting and then left the room because the lender is Mechanics and Farmers Bank. Holloway Street is appraised at \$380K and Woodcroft at \$725K. There is \$1M available to DCABC from a current loan resolution contingent upon the appraised values of the secured properties at 80% loan to value. At the projected appraised values, the new construction properties enable DCABC to borrow up to \$884K. Mr. Reese made a motion which was seconded by Dr. Guion that DCABC secure the balance of the \$1M loan available (\$116K) by securing an additional property against the loan. The motion was approved unanimously by the voting board members.
- Ms. Page provided a brief synopsis of the first meeting with the Technology Consultant.
- Ms. Page spoke about the benefits that she and her staff gained from attending the General Managers' meeting in Greensboro.

Board Retreat Planning

A sub-committee composed of Ms. Shaw and Dr. Guion met along with Ms. Page on March 9th to discuss plans for a board retreat. Dr. Guion reported on the outcome of the meeting which

included a report of possible topics to be addressed. After general discussion about timing, duration and topics for the retreat, Dr. Guion requested the board to review the written report, rank the priority of the topics and provide feedback to her by April 2, 2012.

Closed Business

Ms. White 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 Dr. Guion and approved unanimously by the board.

After all closed business topics were complete, the meeting was resumed in open session.

Other Business

- Ms. Page reported that many employees had expressed their gratitude for their salary increases.
- Ms. Page asked for the Board's approval to plan an employee event for the spring if there is interest amongst the staff. The event would be funded by VISA gift cards that were provided to DCABC from Frontier Communications as a result of needed upgrades made at several locations. The gift cards were unexpected and unsolicited and were part of a promotion that Frontier was running at the time the upgrade service was provided.
- Ms. Page asked the board if they want her to pursue press releases about the new store locations opening this spring. The board affirmed that the General Manager should proceed in this direction.

Law Enforcement Report and the Financial Reports for February 2012

• **Law Enforcement Report for February 2012**

In February, there were 15 ABC law violations, 3 controlled substance violations and 9 traffic offenses. Law Enforcement provided assistance to other agencies during 16 incidents, conducted 71 inspections, 75 compliance checks and spent 24 hours in training. Four Alcohol Education presentations were conducted by Law Enforcement.

• **Financial Reports for February 2012**

The February retail sales were up 6.92% compared to last year. MXB sales were up 14.07% compared to last year.

Total sales for the month were \$2,079,584, representing an increase of \$161,810 which is 8.44% over last year in February. Monthly sales were over the budget projections by \$73,981, a positive variance of 3.69%. Year-to-date sales of \$16,888,619 were up 5.44% compared to last year and 2.59% over budget.

Monthly profit before distributions of \$162,076 was above budget by \$97,423, representing a positive variance of 66.36%. Year-to-date profit before distributions of \$1,049,437 was above budget by \$304,371 representing a positive variance of 40.85%.

After profit distributions totaling \$58,268, there was net income of \$103,808, a positive variance of \$69,045 over budget. Year-to-date, net income of \$568,171 was above budget by \$336,318.

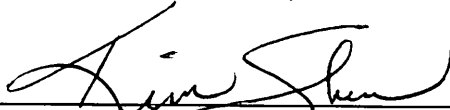
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Compared to last year, February net income increased \$57,123. Year-to-date net income was up \$209,574.

Adjournment

On motion by Ms. White, seconded by Mr. Reese, the meeting was adjourned without objection.

Approved By:



Kim Shaw, Board Chair