

Minutes of the Meeting October 19, 2020

The Durham County ABC Board met virtually via Zoom Meetings on the 19th Day of October 2020.

Chair Lebkes called the meeting to order at 5:32 p.m.

Board Members Gale Adland, Daniel Edwards and Ryan Urquhart were present virtually via Zoom.

General Manager Niegel Sullivan, Durham County ABC Financial Officer Phil Bair, Durham County ABC Attorney George Miller, III, Durham County ABC Operations Director Misty Walters, Durham County Human Resources Generalist Wendy Thomas-Wilder, Support Services Coordinator Perlie Davis, and Special Agent Sean Hamilton with Alcohol Law Enforcement were present in the room.

Conflict of Interest Review and Declaration

Chair Lebkes read the Board's Conflict of Interest Review and Declaration statement and asked Board members if they have an actual conflict or appearance of a conflict of interest with any items coming before the Board and, if so, does the Board member wish to recuse him or herself from deliberating and voting on the matter. All Board members verbalized that they have reviewed the agenda and do not have any conflicts.

Consent Items

The consent items were approved as follows:

- Approval of September 21, 2020 Board meeting Minutes
- Approval of September 29, 2020 Special Board Meeting Minutes

Mr. Edwards motioned to approve the regular September board meeting minutes. Dr. Urquhart seconded. The consent item was unanimously approved.

Ms. Adland motioned to approve the special September board meeting minutes. Dr. Urquhart seconded. The consent item was unanimously approved.

Law Enforcement Report

Special Agent Hamilton reported on law enforcement activity in September 2020. A total of 41 checks were performed at ABC stores; 20 mixed beverage inspections and seven other inspections. There were a total of six violations and 46 arrests. There were 73 charges from permitted establishments; 67 misdemeanors and six felonies.

Agent Hamilton announced the results of a joint operation with N.C. Wildlife and State Park Rangers. The agencies went to Falls Lake to address various alcohol, controlled substance and boating while impaired violations. There were 18 arrests; three felonies and 25 misdemeanors.

Large quantities of spirituous liquor, cocaine, marijuana and firearms were seized during the operation.

Financial Report

Mr. Bair began with discussing the board's cash balance for September. Inventory showed an increase of \$615,600 from the previous month and profit distributions payable showed an increase of \$185,000.

September sales showed an increase of \$617,633 compared to the previous year. Mixed beverage sales were down by \$415,117. Monthly September sales showed \$3.7 million versus budgeted sales of \$2.8 million a 31.26% positive variance. Durham County ranked 6th out of nine comparative boards. Durham County ranked 3rd in retail sales at 43.22%. Mr. Bair also discussed quarterly budget sales and board expenses.

General Manger's Report

Mr. Lebkens and Mr. Sullivan were asked to speak to the Durham County Commissioners during their work session on October 5. They gave an update on Fiscal Year 2020 numbers and how the board was continuing to successfully navigate COVID 19. They also gave the commissioners a presentation on the board's capital improvement campaign and an example of how modernized store designs improve sales, using the new Riverview location as an example. The presentations received positive feedback from commissioners. Mr. Sullivan discussed how Durham County was the first board to do the buyback program and received positive feedback from bars and restaurants in the county.

Capital Improvements

Holloway St.

NC DOT is two years behind on its N.C. Highway 98 project, affecting the sidewalk and driveways that the agency was to build for the Holloway Street location. Holloway Street is the highest foot traffic store and must be wheelchair accessible. Mr. Sullivan stated that the board is planning to build the sidewalk and driveways itself, instead of NCDOT, which may cost an extra \$5,000. The project completion date is May 2021.

Sherron Rd

The Sherron Road is progressing and the roof should be installed by the end of October or the beginning of November. The project will be completed by February.

Highway 55

The site plan did get approved for the new Highway 55 location. The board closed on the property in December. The proposed start date will be March 2021. The bid will be awarded in February.

Riverview

The Year-to-date sales for Riverview totaled \$345,543, a 70% increase compared to September 2019. The board has continued to receive positive recognition locally and statewide. Rick Turner, of Design Plus Store Fixtures, will give a presentation at the summer N.C. Association of ABC Boards meeting as to how store modernization can increase sales and profitability, and the Riverview will be featured.

TW Alexander

The board closed on the former Roxboro Street location. The funds will be used to purchase the TW Alexander property. Coulter Jewell Thames PA has begun due diligence on the site plan and DTW Architects and Planning, Ltd is designing the building. The proposed start date is March or April of 2022, with completion in 2023.

Policy Procedure Manual

The Personnel Policies and Procedures Manual needs to be updated. Attorney Miller said that *Section 8: Employee Conduct and Disciplinary Actions* includes antiquated language and needs priority attention. Once the board approves the new policy, it has to go to the N.C. ABC Commission for review.

Inventory Management

The warehouse received all holiday products on October 13. Mr. Sullivan said that to determine top products, he and Ms. Walters look at historical sales from in-house reporting, review top 100 products sales daily, review sales and trends from National ABC Association reports and review customer feedback.

Mr. Sullivan discussed possible product shortages. Field representatives have communicated that there will be shortages for certain products going into the holiday season. The categories that Mr. Sullivan expressed the most concern for are Brandy, Cognac, and Tequila. All orders from the state are first come, first served. Mr. Sullivan assured the board that there are enough key products in the warehouse to get the stores through Christmas.

Mr. Sullivan and senior staff developed a new policy and procedure for conducting inventory. The warehouse will conduct inventory weekly going forward and retail stores will conduct inventory once per month. The final policy and procedure will be in place by the end of November and will be presented to the board at the December meeting.

Mr. Lebkes announced that the next board meeting will be November 16, at 5:30 p.m.

Dr. Urquhart motioned that the board go into closed session. Ms. Adland seconded. The board went into closed session.

The board returned from closed session and the meeting was adjourned.

Approved By: Donald Lebkes

Donald Lebkes, Board Chair