

Minutes of the Meeting September 21, 2020

The Durham County ABC Board met virtually via Zoom Meetings on the 21st day of September 2020.

Chair Lebkes called the meeting to order at 5:30 p.m.

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

General Manager Niegel Sullivan, Durham County ABC Operations Director Misty Walters, Durham County ABC Financial Officer Phil Bair, Special Agent Sean Hamilton with Alcohol Law Enforcement, Durham County ABC Warehouse Manager Rader Dorman, Durham County ABC Support Services Coordinator Perlie Davis and Attorney George Miller, III 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 August 17, 2020 Board Meeting Minutes

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

Law Enforcement Report

Special Agent Hamilton reported on law enforcement activity in August 2020. A total of 36 checks were performed at ABC stores; 19 mixed beverage inspections and 13 other inspections. There were a total of six violations and 45 arrests. There were 79 charges from permitted establishments; 61 misdemeanors and 18 felonies. Special Agent Hamilton revisited the ABC commission regulations from the August meeting; private bars are not authorized to be open under current executive orders. Restaurants are permitted to operate under limited capacity and must adhere to social distancing guidelines. One establishment lost its license for failure to adhere.

Annual Audit Report

Presenting the annual audit were Joshua Anderson, Audit Manager and Lowell Oakley, Partner with Koonce, Wooten & Haywood, LLP.

Mr. Oakley stated that the board's inventory balance increased by almost \$3 million, which was the result of an increase in bulk buying. Board assets increased by approximately \$3 million over the fiscal year, putting it at \$19,683,959 currently. The total net position increased by 12.5% to \$14,394,307. Mixed beverage sales decreased by 24.69% and liquor retail sales increased 19.24%. Gross sales showed a 9.63% growth. Profit distributions increased by \$111,000.

Mr. Oakley mentioned that the audit found a variance in inventory. Mr. Sullivan responded by stating that the board has begun plans to ensure that does not occur going forward. He attributed the variance to human error and technology issues. The largest contributing impact was the volume of sales. He stated that sales over the past few months have been at holiday level volume. He said that the board plans to have a plan finalized by the end of October.

Ms. Adland expressed concerns about the board voting to approve the report during the meeting citing a lack of time to review the report and suggests tabling a vote until a later meeting. Mr. Sullivan suggests scheduling a special meeting on September 29. Mr. Edwards motioned to table a vote until Sept. 29 at 9.am. Ms. Adland seconded. The board voted unanimously to table the vote.

Financial Report

Mr. Bair reported the summary of income statement results for August. He reported a positive cash balance. The profit distribution increased by 5.86%. August sales showed an increase of \$168,668 compared to the previous year. Mixed beverage reported a decrease in sales due to COVID 19 restrictions. Durham County ABC ranked 5th among 9 boards. The statewide increase was 7.68%. Year-to-date, Durham County ABC has 11.99% growth. Mr. Bair stated that the new Riverview store contributed to the sales increase.

General Manager's Report

Mr. Sullivan stated that the board is still receiving positive feedback and recognition from across the state and that the new Riverview store is continuing to see strong sales. The board is seeing higher inventory numbers due to holiday preparation and ordering of top selling items. The board will use the Riverview store warehouse to store bulk purchases.

A brand ambassador for Remy Martin recently visited the board to talk to store managers and assistant managers about cognac, one of the top selling items and how to use their products to convert bourbon drinkers to their brand.

The Holloway street project is seeing delays due to trouble getting steel for the roof, which is slowing down other contractors. The board has chosen fixtures and color scheme for the location. Completion is still scheduled for May 2021.

The new Sherron Road location is showing progress and all walls have been installed. The roof is scheduled to be installed by the end of next week. Completion is scheduled for January 2021.

The board is planning to raise elevation of the Highway 55 location by installing a higher ceiling.

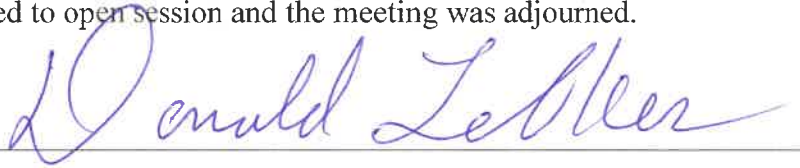
Mr. Sullivan showed the board plans for a future TW Alexander Drive location.

Mr. Sullivan concluded his project report by updating the board on the online order and pickup project. Dalcom, the board's IT vendor, is working with Durham County and another board that will begin to use an online order and pickup system. The system will take a couple months to build.

Dr. Urquhart motioned for the board to go into closed session. Mr. Edwards seconded. The board went into closed session.

The board returned to open session and the meeting was adjourned.

Approved By: _____



Donald Lebkes, Board Chair

