

**Minutes of the Meeting
November 15, 2021**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 15th day of November, 2021.

Board Chair, Daniel Edwards, called the meeting to order at 5:31 p.m.

Board Chair Daniel Edwards, Board Members Donald Lebkes and Gale Adland, Durham County ABC General Manager Niegel Sullivan, Operations Director Misty Walters, Human Resources Generalist Wendy Thomas-Wilder, Board Attorney George Miller III, and Fiscal Services Director Phil Bair were in attendance. Board members Frachele Scott and Ryan Urquhart, Paul Young with DTW Architects, and ALE Special Agent Brian Doward were virtually present via Zoom.

Conflict of Interest Review and Declaration

Chair Edwards 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.

Public Comment

General Manager Sullivan assured that no public comments were being made at the present time by asking those in attendance if they had comments or questions to share. No public comments or questions were presented.

Consent Item

The first consent item approved was the October 18th, 2021 Board Meeting Minutes. Board Member Lebkes moved to approve the meeting minutes as presented. Board Member Adland seconded the motion and the Board approved unanimously.

Law Enforcement Report

Board Chair Edwards asked ALE Special Agent Brian Doward if there was anything to share with the Board. Agent Doward stated he had nothing to share at this time. Mr. Sullivan asked those in attendance if there were questions for Agent Doward. There were no questions presented at the time.

Financial Report

October 2021 Financials

Fiscal Services Director Bair reported the summary of income statement results as included in the board meeting packet for October 2021. Durham County ABC sales of \$4,745,481 for October increased by \$580,471 or +13.94% compared to the prior year. Retail sales increased \$115,966 or +3.06%, while Mixed Beverage saw an increase of \$464,505 or +125.05%. Budgeted total sales for October were \$4,166,685, equaling a positive budget variance of

\$578,796 or +13.89%. As requested by the Board last session, the October MXB sales for 2019 and 2018 were \$823,500 and \$741,984 respectively.

The October sales increase for Durham County ABC Board of +13.94% was ranked 3rd among the 9 comparative boards. The statewide increase was +6.67%.

Mr. Bair discussed profit distribution with the Board:

Profit before distributions for October was \$568,317 compared to the Operating Budget amount of \$338,187 giving a positive budget variance of \$230,130 or 68.05%.

Total October accrued Profit Distributions (based on Sales) were \$228,023 versus \$209,594 the prior year, an increase of \$18,429 or +8.79%. The BUDGETED Profit Distributions were \$205,708 so the actual for October was \$22,315 or 10.85% more than budgeted.

The year-to-date Net Income at October 31, 2021 was \$1,055,262 (four months). This represents \$525,344 higher year-to-date net income than what was expected in the Operating Budget. Last year the same time period the four months ended October 31 we were over budget in YTD Net Income by \$751,819. Last year the budget was adopted with a very conservative goal regarding sales due to the uncertainty of how the pandemic would impact the company. This year's budget was approved anticipating modest growth from the prior year and that is currently what we are seeing in the first quarter of this fiscal year.

Mr. Sullivan briefly warned the Board of incoming inflation increases across the board starting February next year.

Grant Report

Board Member Adland expressed she has spent some time overlooking the current grant process, and stated her belief that the current protocol prioritizes organizations that have ongoing projects. This might be encouraging organizations to create projects solely to get funded as opposed to creating optimal opportunities for advancement. Thus, she has created a brief outline of an updated grant proposal that she feels would be beneficial. She introduced it to the Board for their discussion and consideration before advancing the idea further:

Ms. Adland's outline proposes that instead of having organizations apply for the grants, the DCABC Board reaches out to a few Durham based organizations focused on these three areas: substance abuse, education, treatment. These organizations would then get a site visit from a Board Member and/or another member of DCABC personnel. The purpose of these site visits would be (but not limited) to discussing the use of funding, assuring the organization is operating appropriately, etc. When selected, the chosen organizations would then fill out an application for the grant, produce the appropriate financial statements, and request a grant for an appropriate amount.

Ms. Adland believes this method would prioritize established organizations doing good work in Durham County. The close relationship with organizations will allow us to keep better track of the rules and the usage of funds. Ms. Adland further proposed that, if this new procedure is

something DCABC moves forward with, some amount of money be kept as an emergency fund should a community organization come to us for any unexpected and crucial funding. If no organization reaches out by the end of the year, that emergency fund would then be redistributed to the organizations already selected. Ms. Adland recommended we go down this path: identifying 5-6 organizations to visit, assure they have a good program, and allow them to use the money for what is needed, so long as they can provide us with records of how that money was used at the end of the year.

Board Chair Edwards expressed appreciation for the idea, but reminded the Board of the importance of checking biases when identifying groups and making the selections. Board Member Adland agreed that the Board would have to be careful, and emphasized that the Board would make the selections as a unit. Responding to Mr. Edwards, Mr. Sullivan reminded the board that the deadline to instate a new grant process would no later than April. Mr. Edwards agreed the Board should continue down the path of updating the grant proposal, as presented by Ms. Adland.

There was no motion or action taken on this day. Board Member Adland agreed to touch base with Board Members individually – as advised by Board Attorney George Miller III - to work on a proposal document that could then be approved by a motion.

General Manager's Report Rebranding 2021

General Manager Sullivan commended Technology Office Assistant Ikzuri K. Garcia-Banda on the improvement of graphics for DCABC, which he praised as “a fantastic move into a modern brand perspective”, including updated store signage and the modernization of all store monitor displays. Mr. Sullivan further credited Ms. Garcia-Banda on the creation of the new logo, which represents an independent view of Durham as opposed to being another part of the Triangle, and which will be embedded on the new employee uniform shirts.

Operation Updates

Mr. Sullivan pointed out that this October (2021) had one less sale day than the year prior. The increase in numbers shows strong retail sales and is proof of the exemplary work of the employees at Durham ABC stores, as well as our strength in strategy of inventory.

Holiday product is selling well. DCABC got Holiday Value packs in enough time to get merchandised on the sales floor. This has been a hard task for other Boards in North Carolina as they continue suffer due to the supply chain issues.

Direct ship from sellers is continuing as a temporary solution to the supply chain issues.

Old Hillside Bourbon, as created by Durham County natives, has a signing coming up on December 7th, 2021, at Durham County ABC Store 12 on North Pointe Drive. The signing begins at 9:00 AM.

Mr. Sullivan reminded the Board that online order pick-up should be ready to go by January or February of next year, 2022. Curbside pick-up will be reserved until a later date, giving the stores time to adapt to the change.

Due to a mandatory change in legislature, Mixed Beverage needs to secure a third-party vendor for their deliveries by July 1st, 2022. Mr. Sullivan stated he is currently working on this with a national delivery company, and will pass along any information to the Board. His guess remains that home delivery of liquor will follow suit, thus building a relationship and system with a delivery company that can handle the workload will be in DCABC's best interest.

Coolers in Stores

A bid notification for contractors has been publicly posted. Contractors will do a walkthrough of stores, and electrical should be in place by January or February, in time for Spring 2022. Mr. Sullivan asked the Board for a motion to approve the purchase of coolers, noting that it will take 3-4 months to get them delivered into stores. With the shared cost of store coolers and backroom coolers, Mr. Sullivan expects \$200,000 to be a safe budget number for the purchase. Electrical costs will be in next month, once contractors have entered the bid.

Board Member Adland makes a motion to authorize a \$200,000 budget for the purchase of coolers. Board Member Lebkes seconds the motion. The Board approves unanimously.

Mr. Sullivan congratulated the Board as DCABC will be to be the first in the state to have coolers.

Architectural Updates on Stores

Architect Paul Young with DTW Architects informed the Board on several store updates:

The new store on Highway 55 is steadily being built. The contractor is excited to have the steel work done. Parts of the project that required steel were predicted to be the most delayed; having those completed pushes the ETA on that building to a closer date. Mr. Young makes an educated guess that the contractor is pushing for a March 2022 completion, but emphasized that timeframe is not guaranteed. DCABC will have more information on that in the upcoming weeks.

Mr. Sullivan presented the Board with a preview of what the new building in T.W. Alexander is predicted to look like when it is built. Mr. Young mentioned that the staff in the DTW office is excited about this project. He mentioned that the locale of the building is technology heavy, and they wanted a building that highlighted the same energy. Mr. Young advised those present that DTW is close to finishing drawings for the location and will have those by the beginning of January.

Mr. Young notified the Members of issues in the Hillsborough Road location. There are hairline cracks in the stores and other discrepancies in the foundation of the building. Mr. Young assured the Board by saying that while these issues are "nothing to panic about", these are definitely things to get fixed to avoid further problems or waiting for the issue to worsen. The next step is figuring out what we need to do and how much that will cost. He will continue to keep DCABC updated.

There were no questions for Mr. Young at this time. General Manager Sullivan vocalized Mr. Young's intent to be at attendance for the next 4 or 5 Board Meetings, should any questions arise.

In closing, General Manager Sullivan expressed his appreciation for the support the Board has given him in his last 26 months as General Manager of Durham ABC.

Closed Session

Board Member Adland motioned for the Board to go into closed session. Don Lebkes seconded the motion. The Board approved unanimously. The Board went into closed session.

Open Session

The Board reverted to open session. In light of General Manager Sullivan's resignation, the Board has assigned Operations Director Misty Walters to the role of interim General Manager, an action approved during closed session. Board Chair Edwards declared that steps will be put in place to begin the search for a new General Manager within the next 2 to 3 weeks. Mr. Edwards further stated that the Board's main goal remains to be here to support the faculty and staff to keep things moving steadily. Board Member Scott reflected on Mr. Sullivan's success in Durham, and wished him the same kind of success in his future ventures.

Adjournment

Lebkes motioned to adjourn the meeting. Ms. Adland seconded the motion and the Board approved without objection.

Approved By:  _____
Daniel Edwards, Board Chair