

**Minutes of the Meeting
June 21, 2021**

The Durham County ABC Board met at the administrative office, 3620 Shannon Road, Suite 200, on the 21st day of June 2021.

Chair Lebkes called the meeting to order at 5:34 p.m.

Board members, Ryan Urquhart and Frachele Scott, ALE Special Agent Brian Doward, Operations Director and three persons from the public were present virtually via Zoom.

Board Chair Donald Lebkes, Board Members Gale Adland and Daniel Edwards, Durham County ABC General Manager Niegel Sullivan, Board Attorney George Miller III, Fiscal Services Director Phil Bair and HR Generalist Wendy Wilder-Thomas were present in the room.

Board Chair Lebkes added Sub Committee discussion to the agenda between items 4 and 5. There was no objection to adding this as an agenda item.

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.

The consent items were approved as follows:

- Approval of May 17, 2021 Board Meeting Minutes
- Approval of June 7, 2021 FY 2022 Public Budget Hearing minutes

Mr. Edwards motioned to approve both consent items with amendments.

Law Enforcement

Board Chair Lebkes made a recommendation that going forward that ALE would be present and available for questions from the Board and/or public about the ALE report that is sent as part of the Board packet. If there were no questions the report would be accepted. The Board agreed to make this change going forward. There were no questions for Agent Doward and the law enforcement report was accepted.

ALE MOU

Mr. Sullivan presented the ALE MOU for July 1, 2022-June 30, 2025. Mr. Sullivan reported that Board Attorney George Miller III had reviewed the MOU and approved the MOU, but did want to make the Board aware that it does not fully limit Durham County ABC Board from liability nor does our liability insurance cover claims. The MOU is \$120,000 less than the current MOU due to startup costs for the equipment in the current MOU.

Mrs. Adland motioned to accept the MOU with ALE. Mr. Edwards seconded the motion. The Board voted unanimously to accept the motion.

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Reschedule August Meeting

Board Chair Lebkes let the Board know that the August 16 meeting due to the NC Association of ABC Boards Annual Meeting. The Board agreed to move the meeting to August 23 at 5:30. Mr. Sullivan let the Board members know that they are invited to attend the meeting and need to let him know so that he can get them registered.

Sub Committees

Board Chair Lebkes proposed a way to streamline meetings and allow individual Board members, with expertise and interest in a subject, have an opportunity to review in depth future ABC Board action is to establish subcommittees.

These subcommittees will have defined responsibilities.

The subcommittees will bring non-binding recommendations to the whole Board. The whole Board can then question and /or adjust the recommendations and take a vote on the subject.

These subcommittees can have a max of two members.

The first subcommittee is Durham ABC Grants. It has Gale and Donald as members.

This subcommittee shall review all Grants that are submitted for the ABC Grant program.

The subcommittee will:

1. Review the Grants for compliance with the Grant rules and regulations decide on the grants relevance, decide the amount of the awards, make recommendations on these Grants for Board approval.
2. Review the ABC Grants rules and regulation recommend to adjust them to continue the Grant program to be relevant report to the Board for approval of the changes.

Mr. Lebkes asked for a motion to approve this subcommittee with these defined responsibilities and members.

Mr. Edwards made a motion to accept the proposal to create a grant subcommittee. Mr. Urquhart seconded. The Board voted unanimously to accept the motion.

Mr. Urquhart made a motion to name Mr. Lebkes and Mrs. Adland to the grant subcommittee. Mr. Edwards seconded. The Board voted unanimously to accept the motion.

There was discussion around forming an executive compensation subcommittee. Ms. Adland brought up that she and Mr. Edwards had come up with a plan to review compensation and come up with a recommendation. At that time the Board had approved that a subcommittee of the Board Chair and one other Board Member be named to review annually. The Board decided to discuss executive compensation as a group. .

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Grant Program Recommendations

Mrs. Adland reviewed the grant recommendations to the Board from the subcommittee. There is \$300,000 available to give out for grant programs in FY2022.

Mrs. Adland made a motion to accept the grant recommendations. Mr. Urquhart seconded the motion. The Board voted unanimously to accept the motion.

General Managers Report

Mr. Sullivan shared the comparative sales report for the month of May. The shift from sales in retail to the Mixed Beverage department. Overall sales increased 6.58% month to date an up 11.61% year to date. While sales remain strong out of stocks are starting to impact sales negatively. Hennessy and Patron silver are creating negative impacts and we are limiting quantity sold. Review of the top 20 Boards sales in the state and saw that Boards that reduced hours last year during the pandemic saw the highest increases in sales. Next the top 25 sellers for the past two months were shown to see the difference in products being sold as the mixed beverage business starts coming back. Mixed beverage sales are still not back to 100% due to not all bars/restaurants being back to full capacity due to staffing struggles and once DPAC is back then we should start seeing sales. Mr. Sullivan discussed good customer service with a customer and ordering a special order The Macallan 30 year old that sells for \$4749.99.

Capital Improvement

Mr. Sullivan showed images of the new Holloway Street store. There was a delay in delivery of fixtures due to metal supply issues. The grand opening is scheduled for July 26. Mr. Sullivan.

The Sherron Road store is fully stocked and ready to open. We are waiting on installation of the water meter. Images of how the store is designed were shared and new display features including a rick house display. The goal is to have the grand opening on June 29 at 9:00 a.m., which depends on the water meter.

Mr. Edwards asked about in store tastings and when they would begin. Mr. Sullivan is recommending that we start in store tastings back again in September to give time for staff to adjust to the changes and the business normalizes more.

Guess Road store closed on the property on May 5, 2021 and will move out of the store on June 27 to the North Pointe location. Funds from the sale of this location will pay for the Page Road lot.

Page Road lot will close on June 22 for the permanent TW Alexander location. CJT will continue with the site plan development and DTW will start design of the building. The goal is to start construction in FY2023. DTW has recommended to wait until after first quarter of 2022 to start bidding projects. Contractors are bidding labor only currently and not materials, due to the fluctuations in cost currently.

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North Pointe images were shared and stocking has begun. 26 pallets of product have been stocked. The look of the store will be different. The goal is to have a grand opening on June 28.

HWY 55 the building permit has been issued. The contractor is behind due to a subcontractor pulling out due to health issues. The project should start within the next month. Mr. Urquhart inquired about the completion date. Mr. Sullivan responded that the contract completion date was locked in and penalties would result if not delivered on time.

Finance Report

Mr. Bair reported that Durham County ABC sales of \$4,339,497 for May increased \$267,998 or 6.58% compared to the prior year. By business line, Retail sales decreased -\$424,616 or -10.45% and MXB sales increased \$692,614 or 6,885.52%. Budgeted total sales for May were \$4,184,417 so there was a positive budget variance of \$155,081 or 3.71%.

Year-to-Date Sales Growth Trend – Eleven Months Ended May 31:
2021 11.61%, 2020 9.10% 2018 3.31%, 2017 5.55%, 2016 8.13%

Profit before distributions for May was \$473,226 compared to the Operating Budget amount of \$416,705 giving a positive budget variance of \$56,521 or 13.56%.

Total May accrued Profit Distributions (based on Sales) were \$221,433 versus \$210,162 the prior year, an increase of \$11,271 or 5.36%. The BUDGETED Profit Distributions were \$217,201 so the actual for May was \$4,242 or 1.95% more than budgeted.

The year-to-date Net Income at May 31, 2021 was \$2,366,536 (Eleven months). This represents \$1,593,464 higher year-to-date net income than what was expected in the Operating Budget. The overall positive budget variance occurred due to a combination of factors: 1) Actual Net Sales exceeded budget forecast by approx. \$7.59 million, 2) Overall Operating Expenses were on par with the budgeted amounts for the eleven months ended May 31, exceptions being store security, rent expense & Covid-19 sanitizing measures 3) Profit Distributions accrued for County & City were higher than budget due to Net Sales increases (Approx. \$337,000) 4) Loss on sale of Roxboro St. property (\$119,000) & Gain on Guess Rd. property (\$54,000). Net Loss of approx. - \$75,000

Mr. Bair presented the income statement and balance sheet.

Mr. Sullivan recommended that the Board accept and approve the FY2022 Budget that was presented to the public.

Ms. Adland motioned to approve the FY2022 statutory budget. Mr. Urquhart seconded the motion. The Board voted unanimously to accept the motion.

Mr. Bair presented the FY2021 Budget Amendment.

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Mr. Edwards made a motion to approve the FY2021 Budget Amendment as presented. Mrs. Adland seconded. The Board voted unanimously to accept the motion.

Mr. Lebkes made announcements.

June 28 North Pointe Grand Opening

June 29 Sherron Road Grand Opening

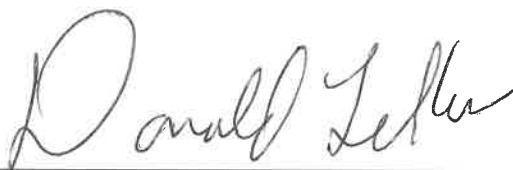
July 26 Holloway Grand Opening.

August 15-17 NC Association of ABC Boards Annual Conference in Winston-Salem

Mr. Edwards asked the question about reporting on sales prior to holidays. Mr. Sullivan will get that information to the Board. Mr. Sullivan also said that he would be looking at how we address holiday openings for stores.

Mr. Urquhart made a motion to adjourn the meeting. Mr. Daniels seconded. The Board voted unanimously to accept the motion. The meeting was closed.

Approved By: _____



Donald Lebkes, Board Chair