

**Minutes of the Meeting
January 18th, 2022**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 18th day of January, 2022.

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

Board Chair Daniel Edwards, Board Member Donald Lebkes, Board Member Gale Adland, Durham County ABC Interim General Manager Misty Walters, Office Technology Assistant Ikzuri K. Garcia-Banda and Board Attorney George Miller III were in attendance. Board Member Frachele Scott, Board Member Ryan Urquhart, Fiscal Services Director Phil Bair, Human Resources Generalist Wendy Thomas-Wilder, and ALE Special Agent Brian Doward, and Citizen Jonathan Burg 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

Jonathan Burg, a Durham County resident, mentioned he had a list of questions he could not locate at that time. General Manager Walters encouraged Dr. Burg to reach out to her at a later time to discuss further.

Consent Item

The first consent item reviewed by the Board was the December 20th, 2021 Board Meeting Minutes. The second consent item reviewed by the Board was Special Meeting Minutes of o December 16th, 2021. Board Member Lebkes moved to approve the meeting minutes, with a correction be made in the December 16th, 2021 Special Meeting Minutes (under the *Conflict of Interest* section) where the Board Chair was named in correctly. With this amendment, Board Member Adland seconded the motion and the Board approved unanimously.

Law Enforcement Report

Agent Brian Doward had nothing to relay outside of the Law Enforcement report.

Grant Report

Board Member Adland presented the Board with the following updates:

- Grant Distribution Funds: Ms. Adland and Mr. Lebkes propose a plan to distribute excess funds as seen below:

Organization	Original Request	Original Grant	Additional Dollars Proposed
Durham Crisis Response Center	\$ 35,000.00	\$ -	\$ 17,100.00
Durham Business and Professional Chain	\$ 45,000.00	\$ 25,000.00	\$ 10,000.00
Durham County Teen Court and Restitution	\$ 25,000.00	\$ 20,000.00	\$ 5,000.00
Durham County Criminal Justice Resource Center	\$ 32,000.00	\$ 32,000.00	\$ 5,000.00
			\$ 37,100.00

- Having discussed with Fiscal Services Director Bair, Ms. Adland proposed that Durham ABC in the budget process set aside 7.5% distribution accrual rather the current 7% statutory requirement. The intent being to mitigate the impact of statutory mandated distributions to be satisfied at fiscal year-end for grants caused by increased revenues during the fiscal year and returned grand awards from grantees.
- Ms. Adland, in conjunction with Mr. Lebkes, has rewritten the document for those hoping to qualify as grantees for Durham ABC’s grant program. As Ms. Adland explained, the revised document trims a lot of superfluous language and cumbersome requirements. This serves to tighten up the qualifications for organizations that are eligible for the grant funding and makes the document less confusing overall. As advised by Board Attorney Miller, and with the suggestion of several members of the Board, Ms. Adland and Mr. Lebkes will continue to work on the wording in the document to further narrow down the terminology regarding the eligibility of future grantees.

Board Member Adland made a motion for all three updates to be accepted by the Board: To approve moving forward with the new procedure proposal, to approve instructing Durham ABC’s finance officer to budget for 7.5% (rather than 7.0%) towards grant funds, and to approve the proposed distributions of the excess grant funds. The motion was seconded by Donald Lebkes and the Board approved unanimously.

Financial Report
December 2021 Financials

Fiscal Services Director Bair reported the summary of income statement results as included in the board meeting packet for December 2021. Durham County ABC sales of \$6,240,697 for December increased \$926,488 or 17.43% compared to the prior year. By business line, Retail sales increased \$364,709 or 7.26% and MXB sales increased \$561,778 or 194.29%. Budgeted total sales for December were \$4,166,685 so there was a positive budget variance of \$2,074,012 or 49.78%. December MXB sales for 2019 & 2018 were \$774,720 & \$684,562, respectively.

The December sales increase for Durham County ABC Board of 17.43% was ranked 3rd among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.). The statewide increase was 14.43%.

Mr. Bair discussed profit distribution with the Board:

Profit before distributions for December was \$740,019 compared to the Operating Budget amount of \$338,980 giving a positive budget variance of \$401,039 or 118.31%.

Total December accrued Profit Distributions (based on Sales) were \$297,594 versus \$268,984 the prior year, an increase of \$28,610 or 10.64%. The BUDGETED Profit Distributions were \$205,708 so the actual for December was \$91,886 or 44.67% more than budgeted.

The year-to-date Net Income at December 31, 2021 was \$1,457,100 (Six months). This represents \$661,430 higher year-to-date net income than what was expected in the Operating Budget. Last year the same time period the six months ended December 31 we were over budget in YTD Net Income by \$1,008,394. Net Operating Income of \$738,659 was a little more than twice what was budgeted, \$338,947, for the month of December. Year-To-Date Gross Sales are \$3,982,000 above Budget for the six months ended December 31, 2021.

General Manager's Report

General Manager Misty Walters presented the Board with several topics of discussion:

Construction Projects

Construction projects are moving steady, there is nothing hindering their progress.

Cooler Installation in Durham ABC Stores

Installing coolers in the stores require permitting; back flow preventer requirements are slowing down the process of refrigerators getting in installed in stores. Additional funds for these permits must be spent, but it falls well below the 20% contingency budget the Board previously allowed. Despite this news, the installation of coolers in Durham ABC stores is on time and on budget.

Holiday Performance

While Christmas Eve (December 24th, 2021) did not see a significant jump in sales, General Manager Walters explicated that it was the day *before* Christmas eve (December 23rd, 2021) that saw a substantial increase in sales over the year before, exceeding expectations. New Year's Eve was slightly down from the previous year. Ms. Walters identifies recent business openings as the culprit for the decrease, stating more people were out and around town to celebrate the New Year as opposed to staying home. However, Ms. Walters notes that the sales for New Year's Eve were still a respectable gain from 2019.

2022: New Year, New Challenges

As General Manager Walters explains, while 2021 was the year of supply chain issues, 2022 brings a new challenge: staffing shortages. Maneuvering staffing shortages, shifting staff to

cover absences in stores, Ms. Walters praised the extraordinary work of DCABC staff and especially management, who work have had to overtime while staffing is secure. Ms. Walters assured the Board that it is with through the staff and administrations hard work that Durham ABC stores have proudly remained opened regular hours.

Closed Session

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

Adjournment

Ms. Adland motioned to adjourn the meeting at 6:37 PM. Mr. Lebkes seconded the motion and the Board approved without objection.

Approved By: *D. Edwards*
Daniel Edwards, Board Chair